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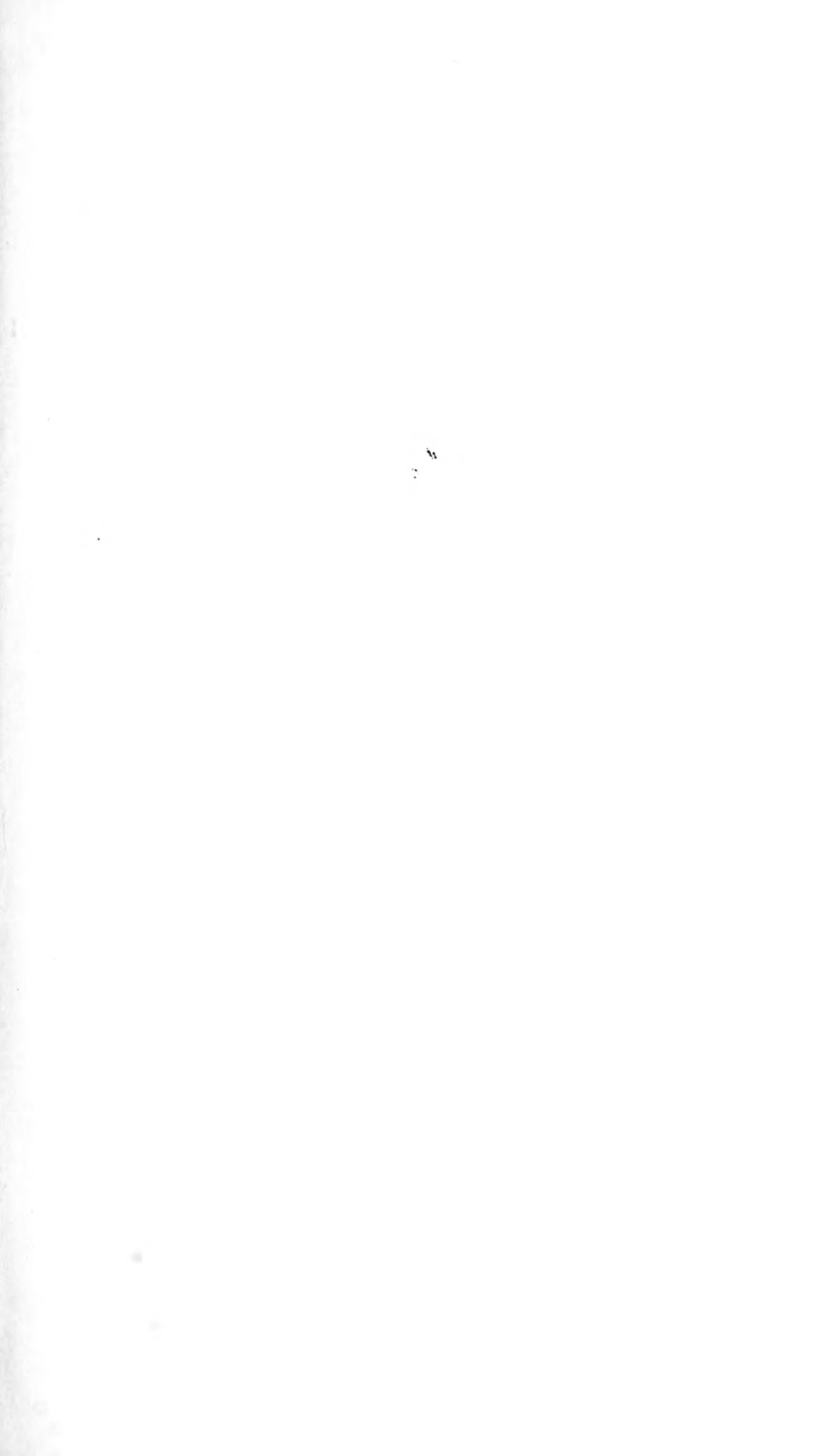
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No. 15712

United States
Court of Appeals
for the Ninth Circuit

BABETTA SCHMIDT,

Petitioner,

vs.

COMMISSIONER OF INTERNAL REVENUE,

Respondent.

Transcript of Record

**Petition to Review a Decision of the Tax Court
of the United States**



INDEX

[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

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APPEARANCES

ABRAHAM BERRY,
2408 Russ Bldg.,
San Francisco 4, Calif.,
For the Petitioner.

CHARLES K. RICE,
Asst. U. S. Atty. General,
Dept. of Justice,
Washington 25, D. C.,
For the Respondent.

The Tax Court of the United States

Docket No. 54932

BABETTA SCHMIDT,

Petitioner,

vs.

COMMISSIONER OF INTERNAL REVENUE,

Respondent.

DOCKET ENTRIES

1954

Sept. 27—Petition received and filed. Taxpayer notified. Fee paid.

Sept. 28—Copy of petition served on General Counsel.

Nov. 12—Answer filed by General Counsel.

Nov. 12—Request for hearing in San Francisco, Calif., filed by General Counsel.

Nov. 17—Notice issued placing proceeding on San Francisco, Calif., calendar. Service of Answer and Request made.

1956

July 20—Hearing set August 27, 1956, San Francisco, Calif.

Aug. 29—Hearing had before Judge Oppen on the merits. Case submitted after trial. Filed at hearing: Entry of appearance of Tom B. Markley, as counsel; Motion to amend petition—Granted and served 8/29/56; Amendment to Petition and Answer to Amendment to Petition, Stipulation of Facts, filed at hearing. Briefs due 10/29/56; Replies due 11/29/56.

1956

Sept. 17—Transcript of Hearing 8/29/56 filed.

Oct. 26—Brief filed by Petitioner—10/30/56 served
(served late 3-11-57).

Oct. 29—Brief filed by Respondent—10/30/56
served.

Nov. 29—Reply Brief filed by Petitioner. 11/29/56
served.

1957

May 14—Findings of Fact and Opinion filed—
Judge Oppen—Decision will be entered
under Rule 50. Served 5/14/57.

July 31—Agreed computation filed.

Aug. 2—Decision entered, Judge Oppen, Div. 14.
Served Aug. 5, 1957.

Aug. 14—Petition for Review by U. S. Court of
Appeals for the Ninth Circuit filed by
Petitioner.

Aug. 14—Proof of Service of Petition for Review,
filed.

Aug. 14—Designation of Contents of Record on Re-
view, filed.

Aug. 14—Proof of Service of Designation of Con-
tents of Record on Review, filed.

Aug. 14—Entry of appearance of Abraham Berry,
as counsel, filed.

The Tax Court of the United States

Docket No. 54932

BABETTA SCHMIDT,

Petitioner,

vs.

THE COMMISSIONER OF INTERNAL REVENUE,

Respondent.

PETITION

The above-named petitioner hereby petitions for a redetermination of the deficiencies plus penalties set forth by the Commissioner of Internal Revenue in his Notice of Deficiency (Bureau symbols A:R:90-D:HMB) dated June 30th, 1954, and as a basis for her proceeding alleges as follows:

1. The petitioner is an individual taxpayer who resides at 1395 Hampshire Street, San Francisco, California. All of the returns for the periods here involved were filed with the Collector and/or Director of Internal Revenue for the 1st Collection District, San Francisco, California.

2. The Notice of Deficiency (a copy of which is attached and marked Exhibit A) was mailed to petitioner on or about the 30th day of June, 1954, and was received by her shortly thereafter.

3. The deficiencies as determined by the Commissioner are in income taxes for the calendar

years 1944, 1945, 1949 and 1951 of which \$1,250.00 is in dispute, but with respect to the calendar year 1951 only. The penalties asserted by the Commissioner are for the alleged failure by petitioner to file timely returns, and in respect to which the following years and amounts of said penalties are here in dispute:

Calendar Year	Penalty
1945	\$682.15
1946	44.14
1947	137.87
1948	125.15

Also involved in this proceeding are like penalties asserted and collected by the Collector and/or Director at the time said returns were filed. Such payments of penalties (which are exclusive of the foregoing) were all paid by petitioner to said Collector and/or Director and are as follows:

Calendar Year	Penalty Asserted and paid
1945	\$257.40
1947	459.29
1948	180.88
1951	246.82

4. The determinations of tax and penalties set forth in the said Notice of Deficiency are based upon the following errors:

4 (a) With respect to the tax year 1951, respondent should have found and determined that

the total tax paid by petitioner during and for said year was the sum of \$7,475.43.

4 (b) The respondent failed and refused to take into account the mitigating circumstances which precluded petitioner from filing timely returns.

5. The facts upon which the petitioner relies as a basis of this proceeding are as follows:

5 (a) Petitioner made payments in the aggregate of \$7,475.43 to the Collector and/or Director for the First Collection District, San Francisco, California, with respect to and to be applied against her 1951 income tax liability.

5 (b) Petitioner, through her then public accountant, timely filed forms 1040 ES, properly estimated her tax, and fully paid the estimated tax shown thereon, and all of this for and during all of the years involved herein wherein respondent seeks to assert and has asserted and collected penalties for failure to timely file forms 1040. Said forms 1040 ES were prepared by petitioners said public accountant who had prior to the years involved in this proceeding, prepared and filed for petitioner complete forms 1040. At all times herein mentioned, petitioner kept complete records of her income and expense and made such records available to said accountant for the purpose of his preparing all the necessary federal income tax returns. Petitioner is a woman of some sixty-eight years and who did, at all times mentioned herein, sign all returns presented to her for signature by said accountant who

thereupon filed the same for her, and petitioner at all times prior to and during the periods in controversy herein, relied upon said accountant to file both forms 1040 ES and 1040. Petitioner was informed and believed that all such returns had been timely filed. Upon discovering that said accountant had negligently or inadvertently failed to file said forms 1040, petitioner immediately employed another public accountant to do so and the same were all filed simultaneously during the month of August, 1952.

Wherefore, the petitioner prays that this Honorable Court hear this proceeding and find and determine:

6 (a) That petitioner paid to the Collector and/or Director sums in the aggregate of \$7,475.43 with respect to her 1951 tax liability of \$7,349.58; and that she overpaid said tax liability by the sum of \$125.85 and is entitled to a refund therefore.

6 (b) That petitioner's failure to timely file forms 1040 for all the years involved in this proceeding was not without just and reasonable cause and that no penalties are due and owing by petitioner.

6 (c) That the penalties heretofore paid by petitioner as alleged in paragraph 4 (b) were paid, that the same should not have been asserted and paid and that the same should be refunded to petitioner.

6(d) For such other and further relief as to this Honorable Court may seem just and proper.

Respectfully submitted,

/s/ A. D. McNEIL,

Counsel for Petitioner.

Duly Verified.

EXHIBIT A

U. S. Treasury Department
Office of the District Director of Internal Revenue
100 McAllister Street
San Francisco 2, California

In Replying Refer to:
Chief, Audit Division,
A :R :90-D:HMB.

Mrs. Babetta Schmidt,
1395 Hampshire Street,
San Francisco, California.

Dear Mrs. Schmidt:

You are advised that the determination of your income tax liability for the taxable years ended December 31, 1944, to December 31, 1949, inclusive, and December 31, 1951, discloses deficiencies of \$1,977.05 plus penalties of \$989.31 as shown in the statement attached.

In accordance with the provisions of existing internal revenue laws, notice is hereby given of the deficiencies and penalties mentioned.

Within 90 days from the date of the mailing of this letter you may file a petition with the Tax Court of the United States, at its principal address, Washington 4, D. C., for a redetermination of the deficiencies and penalties. In counting the 90 days you may not exclude any day unless the 90th day is a Saturday, Sunday, or legal holiday in the District of Columbia in which event that day is not counted as the 90th day. Otherwise Saturdays, Sundays, and legal holidays are to be counted in computing the 90-day period.

Should you not desire to file a petition, you are requested to execute the enclosed form and forward it to the District Director of Internal Revenue, Audit Division, 100 McAllister Street, San Francisco 2, California. The signing and filing of this form will expedite the closing of your returns by permitting an early assessment of the deficiencies and penalties, and will prevent the accumulation of interest, since the interest period terminates 30 days after receipt of the form, or on the date of assessment, or on the date of payment, whichever is the earlier.

Very truly yours,

T. COLEMAN ANDREWS,
Commissioner.

By /s/ RICHARD NICKELL,
Acting District Director of
Internal Revenue.

Enclosures:

Statement,
Form 1276,
Agreement Form,
Exhibits A and B.

Statement

Chief, Audit Division
A.R.90—D:HMB

Mrs. Babetta Schmidt
1395 Hampshire Street
San Francisco, California

Tax Liability for the Taxable Years Ended December 31, 1944,
to December 31, 1949, inclusive, and December 31, 1951

Year	Deficiency	Penalty
1944 Income tax	\$ 95.00	\$
1945 Income tax	255.58	682.15
1946 Income tax	0.00	44.14
1947 Income tax	0.00	137.87
1948 Income tax	0.00	125.15
1949 Income tax	502.32	
1951 Income tax	1,124.15	
Total	\$1,977.05	\$989.31

In making this determination of your income tax liability, it is noted that you did not avail yourself of the privilege of filing a protest.

Inasmuch as you failed to file income tax returns for the years ended December 31, 1945, to December 31, 1948, inclusive, within the time prescribed by law, 25% of the tax has been added thereto in accordance with the provisions of section 291(a) of the Internal Revenue Code.

A copy of this letter and statement has been mailed to your representative, Mr. A. D. McNeil, 407 Crocker Building, San Francisco 4, California, in accordance with the authority contained in the power of attorney executed by you and on file in this office.

Adjustments to Net Income
Year: 1944

Adjusted gross income as disclosed by return	\$ 425.42
Unallowable deductions and additional income:	
(a) Rental income	597.85
	<hr/>
Adjusted gross income as corrected	\$1,023.27

Explanation of Adjustments

(a) Rental income is increased by \$597.85 as shown in Exhibit A attached.

Computation of Tax
Year: 1944

Adjusted gross income	\$1,023.27
Number of exemptions—1	
Total tax on \$1,023.27, Column 1, Tax Table	\$95.00
Correct income tax liability	\$95.00
Income tax disclosed by return, page 1—line 6, Original, Account No. 7908710, First California District	0.00
	<hr/>
Deficiency of income tax	\$95.00

Adjustments to Net Income
Year: 1945

Net income as disclosed by return	\$11,791.32
Unallowable deductions and additional income:	
(a) Rental income	623.37
	<hr/>
Net income as adjusted	\$12,414.69

Explanation of Adjustments

(a) Rental income has been increased by \$623.37 as shown in Exhibit A attached.

Computation of Tax
Year: 1945

Net income	\$12,414.69	
Less: Surtax exemption	500.00	
	<hr/>	
Surtax net income	\$11,914.69	
Surtax on \$11,914.69		\$3,367.58
Net income	\$12,414.69	
Less: Normal tax exemption	500.00	
	<hr/>	
Normal tax net income	\$11,914.69	
Normal tax, 3% of \$11,914.69		357.44
		<hr/>
Correct income tax liability		\$3,725.02
Income tax disclosed by return, page 1— line 6, Original, Account No. 300400, August, 1952 List, First California District		3,469.44
		<hr/>
Deficiency of income tax		\$ 255.58
25% delinquency penalty		\$ 682.15
Computation of 25% delinquency penalty:		
Correct income tax liability	\$ 3,725.02	\$3,725.02
Less: Tax assessed on original return	\$3,469.44 996.44	3,469.44
		<hr/>
Deficiency	\$ 2,728.58	\$ 255.58
25% penalty—25% of \$2,728.58	\$ 682.15	\$ 63.89

Adjustments to Net Income
Year: 1946

Net income as disclosed by return	\$11,879.44
Unallowable deductions and additional income:	
(a) Rental income	489.06
	<hr/>
Net income as adjusted	\$12,368.50

[Italics—appeared as alterations in longhand on original.]

Explanation of Adjustments

(a) Rental income as increased by \$489.06 as shown in Exhibit A attached.

Computation of Tax
Year: 1946

Net income	\$12,368.50
Less: Exemption	500.00

Normal tax and surtax net income	\$11,868.50
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Combined tentative normal tax and surtax	\$ 3,350.03
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Less: 5% of tentative tax	167.50
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Total tax	\$ 3,182.53
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Correct income tax liability	\$ 3,182.53
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Income tax disclosed by return, page 1,
line 7, Original, Account No. 300401,
August, 1952 List, First California
District

\$3,005.98

Additional, Account No.

510542—May 13, 1954

List	176.55	3,182.53
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Deficiency of income tax....	\$	0.00
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25% penalty	\$	44.14
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Computation of 25% penalty:

Correct income tax liability	\$	3,182.53
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Less: Tax liability disclosed by original return	3,005.98	
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Deficiency	\$	176.55
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25% penalty—25% of \$176.55	\$	44.14
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Adjustments to Net Income

Year: 1947

Net income as disclosed by return	\$15,016.92
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Unallowable deductions and additional
income:

(a) Interest	\$909.62
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(b) Rental income	325.49
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Net income as adjusted	\$16,252.03
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Explanation of Adjustments

(a) An analysis of interest received on mortgage loans disclosed an understatement of interest income of \$909.62 as reported.

(b) Rental income has been increased by \$325.49 as shown in Exhibit A attached.

Computation of Tax
Year: 1947

Net income		\$16,252.03
Less: Exemption		500.00
		<hr/>
Normal tax and surtax net income		\$15,752.03
Combined tentative normal tax and surtax		\$ 5,083.45
Less: 5% of tentative tax		254.17
		<hr/>
Correct income tax liability		\$ 4,829.28
Income tax disclosed by return, page 1, line 7, Original, Account No. 300402, August, 1952 List, First California District	\$4,277.80	
Additional, Account No. 510543, May 13, 1954 List	551.48	4,829.28
	<hr/>	<hr/>
Deficiency of income tax		\$ 0.00
25% delinquency penalty		\$ 137.87
Computation of 25% penalty:		
Correct income tax liability	\$4,829.28	
Less: Income tax disclosed by original return	4,277.80	
	<hr/>	
Deficiency	\$ 551.48	
25% penalty—25% of \$551.48	\$ 137.87	

Adjustments to Net Income

Year: 1948

Net income as disclosed by return.....		\$15,124.24
Unallowable deductions and additional income:		
(a) Interest	\$659.50	
(b) Rental income	557.22	1,216.72
Net income as adjusted		\$16,340.96

Explanation of Adjustments

(a) An analysis of interest received on mortgage loans disclosed an understatement of \$659.50 in interest income as reported.

(b) Rental income is increased by \$557.22 as shown in Exhibit A attached.

Computation of Income Tax

Year: 1948

Net income	\$16,340.96	
Less 2 exemptions at \$600.00 each	1,200.00	
Normal tax and surtax net income.....	\$15,140.96	
Tentative tax		\$4,796.25
Less: 17% on \$ 400.00	\$ 68.00	
12% on 4,396.25	527.55	595.55
Correct income tax liability		\$4,200.70
Income tax disclosed by return, Original, Account No. 300500, August, 1952 List —First California District	\$ 3,700.13	
Additional Account No. 510544— May 13, 1954 List	500.57	4,200.70
Deficiency in income tax		\$ 0.00
25% penalty		\$ 125.15
Computation of 25% penalty:		
Correct income tax liability	\$ 4,200.70	
Less: Tax liability disclosed by original return	3,700.13	
	\$ 500.57	
25% penalty—25% of \$500.57	\$ 125.15	

Adjustments to Net Income

Year: 1949

Net income as disclosed by return		\$15,969.42
Unallowable deductions and additional income:		
(a) Rental income	\$539.73	
(b) Business income	674.77	1,214.50
	<hr/>	<hr/>
Net income as adjusted		\$17,183.92

Explanation of Adjustments

(a) Rental income is increased by \$539.73 as shown in Exhibit A attached.

(b) Available information discloses that business income was understated in the amount of \$674.77.

Computation of Income Tax

Year: 1949

Net income	\$17,183.92	
Less 2 exemptions at \$600.00 each	1,200.00	
	<hr/>	
Normal tax and surtax net income	\$15,983.92	
Tentative tax		\$5,192.44
Less: 17% on \$ 400.00	\$ 68.00	
12% on 4,792.44	575.09	643.09
	<hr/>	<hr/>
Correct income tax liability		\$4,549.35
Income tax disclosed by return, Original, Account No. 300802, August 1952 List, First California District		4,047.03
		<hr/>
Deficiency in income tax		\$ 502.32

Adjustments to Net Income

Year: 1951

Net income as disclosed by return		\$19,022.41
Unallowable deductions and additional income:		
(a) Interest	\$ 883.48	
(b) Rental income	1,239.17	2,122.65
	<hr/>	<hr/>
Net income as adjusted		\$21,145.06

Explanation of Adjustments

(a) An analysis of interest received on mortgage loans disclosed an understatement of \$883.48.

(b) Rental income is increased by \$1,239.17 as shown in Exhibit A attached.

Computation of Alternative Tax
Year: 1951

Net income	\$21,145.06	
Less: Excess of net long-term capital gain over net short-term capital loss....	418.93	
Ordinary net income	\$20,726.13	
Less 2 exemptions at \$600.00 each	1,200.00	
Normal tax and surtax net income	\$19,526.13	
Tentative tax		\$7,140.11
Partial tax		\$7,140.11
50% of excess of net long-term capital gain over net short-term capital loss....		209.47
Alternative tax		\$7,349.58

Computation of Income Tax
Year: 1951

Net income	\$21,145.06	
Less 2 exemptions at \$600.00 each	1,200.00	
Normal tax and surtax net income	\$19,945.06	
Tentative tax		\$7,366.33
Total alternative tax		\$7,349.58
Correct income tax liability		\$7,349.58
Income tax disclosed by return, Original, Account No. 301353, First California District		6,225.43
Deficiency in income tax		\$1,124.15

Audit Report By [Indistinguishable].

Received and filed September 27, 1954, T.C.U.S.

Served September 28, 1954.

[Title of Tax Court and Cause.]

ANSWER

Comes now the Commissioner of Internal Revenue, respondent above named, by his attorney, Daniel A. Taylor, Chief Counsel, Internal Revenue Service, and for answer to the petition filed by the above-named petitioner, admits and denies as follows:

1. Admits the allegations in paragraph 1.

2. Admits that the notice of deficiency was mailed to petitioner on or about the 30th day of June, 1954, and was received by her shortly thereafter.

3. Admits that the deficiencies as determined by the Commissioner are in income taxes for the calendar years 1944, 1945, 1949 and 1951; admits that the penalties asserted by the Commissioner are for the alleged failure by petitioner to file timely returns, and in respect to which the following years and amounts of said penalties are here in dispute:

Calendar Year	Penalty
1945	\$682.15
1946	44.14
1947	137.87
1948	125.15

4. Denies the allegations of error in paragraph 4 and in subparagraphs (a) and (b) thereunder.

5 (a) and (b). For lack of information, denies the allegations in subparagraphs (a) and (b) of paragraph 5.

6. Denies generally and specifically each and every allegation in the petition not hereinbefore admitted, qualified or denied.

Wherefore, it is prayed that the Commissioner's determination in all respects be approved and the petitioner's appeal denied.

/s/ DANIEL A. TAYLOR,
Chief Counsel,
Internal Revenue Service.

Filed November 12, 1954, T.C.U.S.

[Title of Tax Court and Cause.]

REQUEST FOR DESIGNATION OF PLACE OF HEARING

Now comes the Commissioner of Internal Revenue, by his attorney, Daniel A. Taylor, Chief Counsel, Internal Revenue Service, and in accordance with Rule 26 of the Court's Rules of Practice.

Requests that the Court designate that the hearing in the above-entitled proceeding be held at San Francisco, California, or vicinity, in order to afford the respective parties an opportunity to produce evidence at the trial with a minimum expense.

/s/ DANIEL A. TAYLOR,
Chief Counsel,
Internal Revenue Service.

Filed November 12, 1954, T.C.U.S.

[Title of Tax Court and Cause.]

**SERVICE OF ANSWER AND NOTICE OF
PLACE OF TRIAL**

Service is hereby made of respondent's answer and his request for place of trial.

Notice is given that this case has been placed in accordance with said request upon the San Francisco, California, Calendar of the Court for trial on the merits in due course, either in the city named or in the vicinity thereof.

If petitioner desires that the trial be held at some place other than the place above named, he may file promptly the original and four copies of a proper motion to change the place of trial as provided in the Rules of the Court.

You should contact the attorney whose name and address appear on the enclosed answer in an effort to stipulate all or as many as possible of the material facts in accordance with Rules 30 and 31(b) of the Rules of Practice before the Tax Court of the United States.

/s/ VICTOR S. MERSCH,
Clerk.

To: A. D. McNeil, Esquire,
1104 Hobart Building,
San Francisco 4, California.

[Title of Tax Court and Cause.]

NOTICE OF SETTING PROCEEDING
FOR TRIAL

Take Notice that the above-entitled proceeding is included on a calendar of cases set for trial before a Division of the Tax Court of the United States as indicated above.

That calendar will be called at 10:00 a.m. on the date indicated above and you will be expected to answer the call at that time and be prepared for trial when the above-entitled proceeding is reached. Continuance will be granted only for extraordinary cause. Failure to appear will be taken as cause for dismissal in accordance with Rule 27 (b) (3) of the Court's Rules of Practice.

You are expected to be familiar with the Court's Rules of Practice in all other respects.

Your attention is called particularly to Rule 31(b) which requires that the parties stipulate facts and evidence to the fullest possible extent prior to the call of the calendar. You should confer with your adversary promptly in order to comply with that rule.

Respectfully,

/s/ HOWARD P. LOCKE,
Clerk.

Served July 20, 1956.

[Title of Tax Court and Cause.]

COMPUTATION FOR ENTRY
OF DECISION

The attached computation reflecting deficiencies in penalty under Section 291(a) of the Internal Revenue Code for 1939 in the respective amounts of \$682.15, \$44.14, \$137.87 and \$125.15 for the taxable years 1945, 1946, 1947 and 1948, respectively, is submitted on behalf of the respondent in compliance with the opinion of the Court determining the issues in this proceeding.

The computation is submitted without prejudice to the respondent's right to contest the correctness of the decision entered herein by the Court pursuant to the statute in such cases made and provided.

/s/ NELSON P. ROSE,
Chief Counsel,
Internal Revenue Service.

Of Counsel:

MELVIN L. SEARS,
Regional Counsel;

T. M. MATHER,
Assistant Regional Counsel;

EDWARD H. BOYLE,
Special Attorney,
Internal Revenue Service.

Without prejudice to the right of appeal, it is agreed that the attached computation is in accordance with the opinion of the Tax Court in the above-entitled proceeding.

/s/ TOM B. MARKLEY,
Counsel for Petitioner.

Ap:SF:AA:MHB

Computation Statement

In re: Babetta Schmidt,
1395 Hampshire Street,
San Francisco, California.

Docket No. 54932

Income Tax

Year	Section 291(a) Penalty
1945	\$682.15
1946	44.14
1947	137.87
1948	125.15
<hr/>	
Total	\$989.31

Recomputation of tax liability has been prepared in accordance with the memorandum opinion of the Tax Court of the United States entered May 14, 1957.

Explanation of Adjustments

Pursuant to the opinion of the Tax Court of the United States filed May 14, 1957, the petitioner's

failure to file timely returns for the years in controversy was not due to reasonable cause. The 25 per cent additions to tax under Section 291(a). Internal Revenue Code of 1939 are:

1945	\$682.15
1946	44.14
1947	137.87
1948	125.15
<hr/>	
Total	\$989.31

Original returns filed June 30, 1952.

Deficiency notice mailed June 30, 1954.

Filed July 31, 1957, T.C.U.S.

[Title of Tax Court and Cause.]

ENTRY OF APPEARANCE

The undersigned, being duly admitted to practice before the Tax Court of the United States as Attorney * * * herewith enters his appearance for the petitioner in the above-entitled proceeding.

/s/ TOM B. MARKLEY,
Attorney.

Served August 29, 1956.

Filed August 29, 1956, T.C.U.S.

[Title of Tax Court and Cause.]

MINUTES OF PROCEEDINGS

August 27, 1956

Counsel:

For Petitioner:

TOM B. MARKLEY, ESQUIRE.

For Respondent:

E. H. BOYLE, ESQUIRE.

Action: Case submitted after trial.

Filed at hearing: Entry of appearance of Tom B. Markley. Written Motion to amend petition (Granted 8/29/56). Amended petition and answer to amended petition. Stipulation of facts.

Petitioner's brief: Original 10/29/56. Reply 11/29/56.

Respondent's brief: Original 10/29/56. Reply 11/29/56.

Witnesses for Petitioner:

Babetta Schmidt, 8/29/56;
Stephen J. Farrelly, 8/29/56;
Walter J. Schmidt, 8/29/56;
Henry A. Shaw, 8/29/56.

Exhibits

Petitioner's:

No. 1—Statement of bills and payments by petitioner to Mr. Farrelly.

Respondent's:

A—Income Tax Return of Babetta Schmidt for 1944.

B—Income Tax Return of Babetta Schmidt for 1945.

/s/ HOWARD P. LOCKE,
Deputy Clerk.

[Title of Tax Court and Cause.]

STIPULATION OF FACTS

It is hereby stipulated and agreed, by and between the parties hereto, by their respective counsel, that the following facts shall be taken as true, without prejudice to the right of either party to introduce other and further evidence not inconsistent therewith:

1. Petitioner filed Form 1040 ES, Declaration of Estimated Tax, in each of the years 1944, 1946, 1948, 1949, 1950 and 1951.

2. With each Form 1040 ES petitioner made a tax payment to the Internal Revenue Service.

3. Delinquent individual income tax returns, Form 1040, for the years 1944 to 1949, inclusive, and for the year 1951 were filed by petitioner with the First Collection District of California on June 30, 1952. The return for 1950 was timely filed on August 15, 1951, pursuant to an extension of time

granted by the Collector (now Director) of Internal Revenue.

4. Upon receipt of the delinquent returns the Commissioner of Internal Revenue assessed the taxes due as disclosed by the returns, plus 25% penalties pursuant to Section 291(a) of the Internal Revenue Code of 1939. The penalties so assessed, and now in issue, are as follows:

1945	\$249.11
1947	444.45
1948	175.03
1951	245.09

5. Upon audit of the delinquent returns the Commissioner determined deficiencies for certain years, and also added 25% penalties to said deficiencies pursuant to Section 291(a) of the Internal Revenue Code of 1939. These penalties are those asserted in the notice of deficiency and are in issue also:

1945	\$682.15
1946	44.14
1947	137.87
1948	125.15

6. The petitioner has made payments on her income tax liability for the year 1951 in the amount of \$7,475.43.

It is further stipulated that if petitioner is permitted to amend her petition to raise an issue relative to applying 1944 payments of estimated tax

against 1945 tax liability, and if respondent is permitted to amend his answer on that same point, that the following facts shall be taken as true:

7. Petitioner's declaration of estimated tax for the year 1944 estimated her tax liability at \$2,473.00. She made payments to the Internal Revenue as follows:

April 15, 1944	\$618.25
June 14, 1944	618.25
September 11, 1944	618.25
January 4, 1945	618.25

8. Petitioner's 1944 individual income tax return, Form 1040, filed on June 30, 1952, as stated in paragraph 3, *supra*, indicated no liability and requested that the overpayment of \$2,473.00 be credited on the 1945 estimated tax. No Form 1040 ES, Declaration of Estimated Tax, was ever filed for the year 1945.

9. Petitioner's 1945 individual income tax return, Form 1040, filed on June 30, 1952, as stated in paragraph 3, *supra*, reflected the \$2,473.00 on line 7(B) as a payment on a 1945 declaration of estimated tax. The tax liability shown on line 6 was then reduced by the \$2,473.00, leaving a balance of tax due on line 8.

10. The Commissioner has determined deficiencies for 1944 and 1945 and has applied a portion of the \$2,473.00 in payment of the deficiency for 1944, i.e., \$95.00. No part of the \$2,473.00 has been al-

lowed in satisfaction of petitioner's tax liability for 1945 or any later year.

/s/ A. D. McNEIL,
Counsel for Petitioner.

/s/ JOHN POTTS BARNES,
Chief Counsel, Internal Revenue Service, Counsel
for Respondent.

Filed August 29, 1956, T.C.U.S.

[Title of Tax Court and Cause.]

MOTION TO AMEND PETITION

Comes now the petitioner by her attorney Tom B. Markley, and respectfully moves the Court for leave to amend her petition by adding the following to paragraph 3 after "1951" and before "the penalties" in here of what is there written: "but the deficiencies for 1945 and 1951 are the only ones in dispute; the amount of \$1,250.00 is in dispute for 1951 and the amount of \$2,378.00 is in dispute for 1945 and the following paragraph 4(c) at the end of paragraph 4 of the petition heretofore filed in the above entitled proceeding:

"4(c) With respect to the tax year 1945, respondent should have found and determined that the total tax paid by petitioner during and for said year was the amount of \$3,469.44"; and the respondent failed and refused to credit against 1945 liability the overpayment of estimated tax for the year 1944 in

amount of \$2,473.00 by adding the following paragraph 5(c) at the end of paragraph 5 of the petition heretofore filed in the above-entitled proceeding:

“5(c) Petitioner filed an estimate for the calendar year 1944 and made the following payments thereon:

April 15, 1944.....	\$ 618.25
June 14, 1944.....	618.25
September 11, 1944.....	618.25
January 4, 1945.....	618.25
	<hr/>
Total	<u>\$2,473.00</u>

Due to the inadvertence of her then public accountant petitioner failed to file her Federal income tax return for the calendar year 1944 until June 30, 1952, at which time and because of the same inadvertence of said accountant returns for the calendar year 1945-1949, inclusive, were filed. Petitioner's 1944 individual income tax return Form 1040 filed on June 30, 1952, as aforesaid, indicated no liability and requested that an overpayment of \$2,473.00 be credited on the 1945 estimated tax. Petitioner's 1945 return, filed on June 30, 1952, as aforesaid, requested that said overpayment of \$2,473.00 be credited against the tax for said year. The respondent, however, has determined deficiencies for 1944 and 1945 and has applied a portion of the \$2,473.00 in payment of the deficiency for 1944, i.e., \$95.00. But aside from the said \$95.00 no part of the \$2,473.00 has been allowed in satisfaction of petitioner's tax

liability for 1945, or any later year," and, by adding the following paragraph 6(e) at the end of paragraph 6 of the petition heretofore filed in the above-entitled proceeding:

"6(e) That the tax liability of Petitioner for the calendar year 1945 was and is the sum of \$3,725.02. Petitioner is entitled to a credit thereon in the sum of \$2,378.00 on account of an unused credit for the calendar year 1944 (\$2,473.00 less the \$95.00 applied thereto for the calendar year 1944) carried forward on her 1945 tax and petitioner paid the sum of \$996.45 upon filing her return for the year 1945, and there is a deficiency in income tax for the year 1945 in the sum of \$350.58."

The within motion is made upon the following facts and circumstances: Since the filing of the petition herein and the respondent's answer thereto, the Director of Internal Revenue has issued his demand for payment against petitioner on Form 21A, for the year 1945 in the amount of \$2,473.00 plus interest. Despite the fact that the Commissioner of Internal Revenue in his notice of deficiency, a true copy whereof is appended to the petition herein, asserted no such deficiency of \$2,473.00 for said year 1945; and, until the issuance by the District Director of a demand for payment, taxpayer had no notice of any disallowance of said credit or that the same was in issue. Therefore, the dispute by the petitioner and respondent as to whether petitioner, in computing the amount due the government in the year in question, correctly took the aforesaid credit of \$2,473.00,

cannot be resolved in this proceeding, and taxpayer will be forced to seek an injunction against the Director of Internal Revenue restraining him from collecting said tax unless petitioner is allowed to amend her petition herein, thereby framing the issue.

Dated: August 28, 1956.

/s/ TOM B. MARKLEY,
Attorney for Petitioner.

Granted August 29, 1956, Clarence V. Oppen,
Judge.

Served August 29, 1956.

[Title of Tax Court and Cause.]

AMENDMENT TO PETITION

Comes now the petitioner and by leave of Court first had and obtained amends her petition on file herein by adding the following so that paragraph 3 as amended now reads as follows:

“3. The deficiencies as determined by the Commissioner are in income taxes for the calendar years 1944, 1945, 1949 and 1951, but the deficiencies for 1945 and 1951 are the only deficiencies in dispute. The amount of \$1,250.00 is in dispute for 1951 and the amount of \$2,378.00 is in dispute for 1945. The penalties asserted by the Commissioner are for the alleged failure by petitioner to file timely returns,

and in respect to which the following years and amounts of said penalties are here in dispute:

Calendar Year	Penalty
1945	\$682.15
1946	44.14
1947	137.87
1948	125.15

Also involved in this proceeding are like penalties asserted and collected by the Collector and/or Director at the time said returns were filed. Such payments of penalties (which are exclusive of the foregoing) were all paid by petitioner to said Collector and/or Director and are as follows:

Calendar Year	Penalty Asserted and Paid
1945	\$257.40
1947	459.29
1948	180.88
1951	246.82"

and by adding the following paragraphs:

"4(c) With respect to the tax year 1945, respondent should have found and determined that the total tax paid by petitioner during and for said year was the amount of \$3,469.44; and the respondent failed and refused to credit against 1945 liability the overpayment of estimated tax for the year 1944 in the amount of \$2,473.00."

"5(c) Petitioner filed an estimate for the calendar year 1944 and made the following payments thereon:

April 15, 1944.....	\$ 618.25
June 14, 1944.....	618.25
September 11, 1944.....	618.25
January 4, 1945.....	618.25

Total	\$2,473.00
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Due to the inadvertence of her then public accountant Petitioner failed to file her Federal income tax return for the calendar year 1944 until June 30, 1952, at which time and because of the same inadvertence of said accountant returns for the calendar year 1945-1949, inclusive, were filed. Petitioner's 1944 individual income tax return Form 1040 filed on June 30, 1952, as aforesaid, indicated no liability and requested that an overpayment of \$2,473.00 be credited on the 1945 estimated tax. Petitioner's 1945 return, filed on June 30, 1952, as aforesaid, requested that said overpayment of \$2,473.00 be credited against the tax for said year. The respondent, however, has determined deficiencies for 1944 and 1945 and has applied a portion of the \$2,473.00 in payment of the deficiency for 1944, i.e., \$95.00. But aside from the said \$95.00 no part of the \$2,473.00 has been allowed in satisfaction of Petitioner's tax liability for 1945, or any later year."

"6(e) That the tax liability of Petitioner for the calendar year 1945 was and is the sum of \$3,725.02. Petitioner is entitled to a credit thereon in the sum of \$2,378.00 on account of an unused credit for the calendar year 1944 (\$2,473.00 less the \$95.00 applied

thereto for the calendar year 1944) carried forward on her 1945 tax and Petitioner paid the sum of \$996.45 upon filing her return for the year 1945, and there is a deficiency in income tax for the year 1945 in the sum of \$350.58.”

Respectfully submitted,

/s/ TOM B. MARKLEY,

Attorney for Petitioner.

Filed August 30, 1956, T.C.U.S.

Served August 30, 1956.

[Title of Tax Court and Cause.]

ANSWER TO AMENDMENT TO PETITION

Comes now the Commissioner of Internal Revenue, respondent above named, by his attorney, John Potts Barnes, Chief Counsel, Internal Revenue Service, and for answer to the amendment to petition filed by the above-named petitioner admits and denies as follows:

3. Admits the deficiencies as determined by the Commissioner are in income taxes for the calendar years 1944, 1945, 1949 and 1951, but that the deficiencies for 1945 and 1951 are the only deficiencies in dispute. Admits the penalties asserted by the Commissioner are for the alleged failure by petitioner to file timely returns, and in respect to which

the following years and amounts of said penalties are here in dispute:

Calendar Year	Penalty
1945	\$682.15
1946	44.14
1947	137.87
1948	125.15

Denies the remaining allegations in paragraph 3 of the amendment to petition.

4(c) Denies the allegations of error in subparagraph (c) of paragraph 4 of the amendment to petition.

5(c) Denies the allegations contained in subparagraph (c) of paragraph 5 of the amendment to petition.

Wherefore, it is prayed that the Commissioner's determination be approved and the petitioner's appeal denied.

/s/ JOHN POTTS BARNES,
Chief Counsel,
Internal Revenue Service.

Filed August 30, 1956, T.C.U.S.

Served August 30, 1956.

The Tax Court of the United States

Docket No. 54932

BABETTA SCHMIDT,

Petitioner,

vs.

COMMISSIONER OF INTERNAL REVENUE,

Respondent.

August 29, 1956

Before: Honorable Clarence V. Opper, Judge.

Appearances:

TOM B. MARKLEY, ESQ.,

Appearing for the Petitioner.

EDWARD H. BOYLE, ESQ.,

(Honorable John Potts Barnes, Chief
Counsel, Bureau of Internal Revenue),

Appearing for the Respondent.

PROCEEDINGS

The Court: Docket 54932, Babetta Schmidt.

State your appearances for the record, please.

Mr. Markley: Tom B. Markley for the petitioner.

Mr. Boyle: Edward H. Boyle for the respondent.

The Court: Let me have the file, please.

Mr. Markley: I would like to lodge with the clerk my appearance in this matter.

The Court: Proceed, please.

Mr. Markley: As of this time, if the Court please, the petitioner wishes to move to amend the petition, and I have prepared a written motion to that effect which sets forth the amendment requested, which I shall lodge with the clerk, if I may.

The Clerk: Motion to amend the petition is filed.

The Court: Are you familiar with this, Mr. Boyle?

Mr. Boyle: Yes, I am, your Honor. We have also stipulated that if it is amended and if the respondent is allowed to answer, that certain facts will be taken as true, and that is included in the stipulation of fact, partial stipulation that we intend to file. I do not have an answer. Of course, he does not have the petition. It is just the motion; a written motion.

The Court: You do not have the petition?

Mr. Markley: Well, there is a petition on [3*] file.

The Court: I understand, but I mean the amended petition.

Mr. Markley: The amended petition is set forth in the motion, and if the motion is granted, then I understand that we file the amendment to the petition. Its body is set forth in the motion.

The Court: What would be the effect of this amendment?

Mr. Markley: It puts in issue the claimed credit of the petitioner of the \$2,400 and some odd dollars paid in the 1944 estimate of income tax, and when she filed her 1945 return she asked that there be a credit upon her 1945 tax. This credit was never

*Page numbering appearing at top of page of original Reporter's Transcript of Record.

specifically disallowed in the Commissioner's determination of deficiency in this case, and it was the understanding of Mr. McNeil, who was handling the case and presented the petition, that the government had raised no issue about the allowance of this credit, and it was not until the director here issued his demand for payment of that sum that it came to his attention that the government intended not to honor this credit.

The Court: Wouldn't that go to the size of the deficiency for that year?

Mr. Markley: Well, it goes to the amount of the unpaid tax, yes.

The Court: That is the deficiency, isn't it? [4]

Mr. Markley: Well, that was never set forth in the Commissioner's determination as a deficiency.

The Court: I am trying to find out whether this has to do with deficiency or penalty.

Mr. Markley: It has to do with both, your Honor.

The Court: It does have to do with the deficiency?

Mr. Markley: Yes.

The Court: If you will read your paragraph 3 of the original petition you will find it says: "The deficiencies as determined by the Commissioner are in income taxes for the calendar years 1944, 1945, 1949, and 1951" of which \$1,250 is in dispute, but with respect to the calendar year 1951 only.

Mr. Markley: Well, as I attempted to point out, your Honor, at the time this petition was drafted—

The Court: But you are amending the petition. You don't want to amend that?

Mr. Markley: Oh, I see your point. Yes, I guess we do wish to amend that to say for the year 1945 also.

The Court: And I would hope with respect to an amount. You have in here that the amount of \$1,250 is with respect to 1951. I would hope there would be a corresponding statement as to the amount in dispute with respect to 1945.

Now, does that mean that you want to take this back and do it right?

Mr. Markley: I think it does. [5]

The Court: I won't go to trial in a case where the pleadings are not complete. Can you do it in long hand?

Mr. Markley: Well, I believe I can.

The Court: Now, before we go ahead with that, Mr. Boyle, what is your position about this motion?

Mr. Boyle: The motion is that they properly amend their petition and that we be allowed to amend our answer. We do not object to that procedure, and also putting this particular question into issue which is whether you can apply a 1944 payment on estimated tax against 1945 liability. Actually it has to do with payment, as you first think of it, so unless they request a refund for the year 1945 I am not sure that the Court has jurisdiction. But we have no objection to the Court taking the issue, assuming jurisdiction.

The Court: That same paragraph I read says: "The deficiencies as determined by the Commissioner

are in income taxes for the calendar years 1944, 1945'' and so on. Is that incorrect?

Mr. Boyle: The penalties are in issue for those years. We have stipulated about the deficiency for 1951, so in the present posture of the case there is no deficiency at all except with regard to the penalties.

The Court: What about the deficiency for 1944? Was there one determined?

Mr. Boyle: Yes, there was, and they are raising no [6] issue about it.

The Court: You say this ought to be applied on 1944 rather than 1945. It wouldn't necessitate a claim for refund. It would be applied against the 1944 deficiency, if that is the right place to put it.

Mr. Boyle: Possibly I can make it a little more clear with a statement of what happened.

The Court: Well, if it is necessary I would like to clear away this matter of the pleadings before we get into that.

Mr. Boyle: I think it is a little complex, and I think the Court must decide just exactly what we are doing with——

The Court: As I understand it—I don't mean to prevent you from making a statement, but I still would like to avoid doing it now if possible.

As I understand it, you would have no objection to this motion to amend the petition?

Mr. Boyle: That is true.

The Court: And you will be prepared to answer presumably orally now and then follow it up with a written pleading?

Mr. Boyle: Yes, sir.

The Court: That being so, it seems to me the only question is what is the proper thing for that amendment to say. We are really just helping out the petitioner here and trying [7] to get him straightened out. I understand you to say that this amount about which the controversy revolves is an amount of a payment against 1944 estimated tax; is that correct?

Mr. Boyle: Well, it is a question whether you can apply the payment on 1944 estimated tax against 1945 liability.

The Court: I know you say that, but I am trying to go back of that. If there was a deficiency for 1944 there wouldn't be any question you could apply the amount against the deficiency.

Mr. Boyle: The Commissioner has done that. The deficiency determined for 1944 is only \$95. The amount of the estimated tax was \$2,473. There is quite a bit left. It has been applied.

The Court: Then there is no issue about 1944, is that correct?

Mr. Boyle: That is right.

The Court: Then we are back to the question of whether any overpayment can be applied against 1945, is that right?

Mr. Boyle: That is true.

The Court: I don't see any reason why I shouldn't grant this motion then.

Mr. Boyle: I don't either.

The Court: That sounds like an issue of law. I assume you have the facts in shape, and the only

way it can be [8] raised is by having it raised in the petition.

Mr. Boyle: As I say, we have considered this to the point of putting in the partial stipulation of facts necessary for the Court to determine this on the merits if the pleadings are amended to put in issue.

The Court: As I understand it, that is what the petitioner is asking; that is what you are not objecting to.

I will grant the motion.

Now, we come back to this proposed amendment, and I would like to give the petitioner ten minutes.

Mr. Boyle: May I suggest this: Would it be possible to give oral permission for him to amend his petition and it can be done later?

The Court: I will not go into a hearing where the pleadings are not complete. I want the parties to know that is the purpose of pleadings. I want them to know exactly what the issues are, and that must be done before it starts. I don't see any reason why he can't write it out in long hand in ten minutes and add it to his motion here, and then I will be in a position to grant it before we go ahead. Is that satisfactory?

Mr. Markley: That is satisfactory.

The Court: We will take a ten-minute recess.

(Short recess.)

The Court: Are you ready in the Schmidt case?

Mr. Markley: Yes. [9]

I now offer my amended motion to amend.

The Court: You have seen the change, Mr. Boyle?

Mr. Boyle: Yes, I have.

The Court: And you still have no objection to the granting of the motion providing you can answer?

Mr. Boyle: That is correct.

The Court: Very well. The motion will be granted. You will prepare and submit a typewritten copy?

Mr. Markley: Yes. The pleading will be submitted.

The Court: Can you now, Mr. Boyle, state orally your pleading to these amendments?

Mr. Boyle: Yes. Our pleadings will be that we deny we admit the paragraph 3; we admit the deficiencies as determined by the Commissioner on income taxes for the years 1944, 1945, 1949 and 1951, of which only the years 1945 and 1951 are in dispute. As to the rest, we deny that the Commissioner committed error, and we deny the facts as stated in paragraph 5.

The Court: Thank you. Now, you will submit that in writing. How long do you want for that?

Mr. Boyle: As soon as we see their amended petition we will file our amended answer.

The Court: I would like to set times for that. When can you file the submitted petition?

Mr. Markley: I can file it tomorrow, if the [10] Court wishes, or Friday.

The Court: If you could file it tomorrow could you get your answer?

Mr. Boyle: We can file an answer the same day we receive their petition.

The Court: Try to get it in tomorrow, and we can take them both while we are still here, otherwise you will have to send them to Washington. I will give you until tomorrow to file the amended pleading and give Mr. Boyle until Friday afternoon to file the answer.

Proceed, please.

Mr. Markley: Does your Honor wish me to make an opening statement?

The Court: It is generally preferable.

OPENING STATEMENT ON BEHALF OF THE PETITIONER

By Mr. Markley:

The motion to amend the pleading, which has just been granted, and the amended petition will present to the Court the question of whether or not the petitioner is entitled to a credit on her 1945 income tax of the overpayment for 1944 estimate. The facts upon which the petitioner relies in this particular issue are all set forth in the stipulation which—has it been filed, Mr. Boyle?

Mr. Boyle: No.

Mr. Markley: —or will be filed in this [11] matter. The one further issue raised by the petition in this case is with respect to the deficiency in the year 1951, in which the petitioner alleged that the respondent should have found and determined that

the total tax paid by Commissioner for that year was the sum of \$7,475.43, which is paragraph 4a of the petition. The government, as I understand, has admitted that that is true, and that is covered also by the stipulation which will be filed, and I understand there is to be no issue about that in this proceeding.

The remaining issues in the case are the penalties asserted by the Commissioner for the failure of the respondent to file the returns for the years 1944, 1945, 1946, 1947, 1948 and 1949. The Commissioner asserted the ad valorem penalty of 25 per cent against the petitioner in those years, and the petitioner contends that she is not liable for that penalty because of reasonable grounds for not filing the returns and the penalty should not be collected from her. It is that issue that we are prepared to bring forward the witnesses to testify to this morning.

The Court: I am a little in doubt as to part of this. As I understand it, you now agree there is no deficiency for 1944, is that correct?

Mr. Boyle: There is a deficiency asserted in the 90-day letter. It was not put in issue in the petition and is not being put in issue here. They are conceding it. [12]

The Court: Perhaps I am mistaken, but I understood you to say earlier that that was being wiped out by the amount of the——

Mr. Boyle: That had to do with payment which is actually not before the Court. The question of whether there is or is not a deficiency is another matter. There was a deficiency asserted in the 90-

day letter, but the petition makes no point of that. It concedes the deficiency.

The Court: The thing I am leading up to is, however you get to it, whether it is because of prepayment or any other reason, if the taxpayer doesn't owe any money, the ad valorem penalty of 25 per cent of zero is zero. Now, is there no way that it can be worked out that the penalty issue really only applied to those years where there is in effect a conceded deficiency?

Mr. Boyle: Well, I can explain how that came about in a short statement, but I don't think I can do it just answering——

The Court: I am expressing myself now to something I think a little different than what the facts are. I am suggesting the possibility that, whatever you call it, there is in fact now no deficiency for 1944. I didn't think there would have been one in the first place, but I may have been mistaken.

Mr. Boyle: There is none in issue. [13]

The Court: Not in issue, but maybe we are back to the point where it ought to be in issue because if it eliminates the penalty issue and the penalty issue shouldn't be here for that year, then we are just wasting time. Do I make myself clear?

Mr. Boyle: It isn't there for that year. There is no penalty asserted for 1944.

The Court: Well, then, we can forget about 1944.

Now, as to 1945 and 1951, which are the only other years where the deficiencies are in dispute, is there any possibility of doing anything with that? That is to say, would it be a fact that if it were determined

there were no deficiencies, that would automatically eliminate the penalty question for those two years?

Mr. Boyle: No. No, the penalties could still apply, even though there are no deficiencies.

The Court: That is what I am asking you. How can there be a penalty of 25 per cent of zero?

Mr. Boyle: They are conceding the deficiency.

The Court: They are not conceding the deficiencies of 1945 and 1951.

Mr. Boyle: Yes, they are. 1951 merely says it was paid. They conceded it, and we admitted that they paid it.

The Court: What the pleading now says with the amendment, as I understand it, is: "The deficiencies as [14] determined by the Commissioner are in income taxes for the calendar years" so on, of which \$1,250 is in dispute with respect to the year 1951 and \$2,378 is in dispute for 1945.

Mr. Boyle: The year 1951, that was left in there because the original petition had it. The partial stipulation of facts has the language to the effect that that amendment has been paid, so that there is no controversy in this case about the year 1951 on a deficiency; that is, as distinguished from a penalty.

The Court: Was there ever a deficiency, then, in this case?

Mr. Boyle: Yes, there was, and we didn't stipulate as to payment, but to satisfy the petitioner, since it was a fact, we did it. That has no bearing on the case for the Tax Court actually, whether it was paid or not.

The Court: What I am trying to get at—going

back, what you are saying is: You say there was a deficiency here which was later on paid?

Mr. Boyle: That is right.

The Court: And the petitioner, as I understand it, says there is no deficiency?

Mr. Boyle: It was paid after the tax attorney's notice.

The Court: Then I misunderstood. I thought this was an amount which was paid as a payment against the estimate, at [15] least the one in 1945.

Mr. Boyle: I still think I better make my statement to attempt to clear it up.

The Court: Well, all right. If you think that is going to clear it up, go ahead.

OPENING STATEMENT ON BEHALF OF THE RESPONDENT

By Mr. Boyle:

The petitioner filed declarations of estimated tax forms 1040 ES for the years 1944, 1946, and from 1948 to 1951 inclusive, and in those years she paid tax to the Internal Revenue Service; that is, estimated tax for the year 1944, \$2,473 was paid during 1944. Now, no returns were filed in any of those years until June 30 of 1952, at which time returns were filed for all those years.

Now, the returns for 1944 showed no liability, but the return in the proper place indicated that they wanted \$2,473 which had been paid as a declaration of estimated tax applied to 1945 liability. The return

for 1945 showed approximately \$3,400 in liability, and they asked that the \$2,473 prepayment for 1944 be applied against that showing, about \$900 of deficiency. That amount was assessed. The \$900, for instance, was assessed, and immediately a 25 per cent penalty was applied. That is one of those penalties for 1945.

Then the Revenue agent audits those years and for 1944 he determines there is a liability of \$95. For the year [16] 1945 he determined that the liability is about \$3,700, and he recommends that there be no credit of this prepayment for 1944 against that liability. That is all the Revenue agent did. When the 90-day letter went out it determined the deficiency for 1945 by taking the liability determined by the Commissioner, approximately \$3,700, and subtracting from that the liability shown on the return, which is approximately \$3,400. That leaves \$255, and that is the amount asserted in the 90-day letter as a deficiency for 1945.

Then since the prepayment credit had not been allowed against 1945 liability, the Commissioner assessed it as 1945 liability, and the Commissioner can go out and collect that any time as original tax, and that is what the petitioner is trying to prevent by saying apply the 1944 prepayment against that. The Commissioner says no, he can't. The statute of limitations bars that credit. It is not possible to credit that 1944 prepayment against 1945 liability, because under 322 no credit or refund is possible.

Now, that is what is being put in issue; not a de-

ficiency, but whether it has been paid or not, whether the 1945 liability has been paid or hasn't.

The Court: Well, of course, I didn't want to get into the legal issues here. What I was trying to get you to concede was that if, notwithstanding your contention, it were determined there never was any deficiency here for 1945, wouldn't [17] you concede there couldn't be any penalty?

Mr. Boyle: No. If there had never been a deficiency to start with, I would say that.

The Court: That is in effect what I am saying.

Mr. Boyle: Yes.

The Court: It is clear, isn't it, that if this petitioner had filed a return for 1945 and at that time requested that the refund that she would have been entitled to for 1944 should be applied to her tax liability for 1945, that that would have been done?

Mr. Boyle: Yes. Oh, certainly.

The Court: And if that had been done there wouldn't be any deficiency to the extent of that amount of money?

Mr. Boyle: That is right. Then there would only be this smaller deficiency which we have already collected, which is \$249.11. That was because when she filed her return late she showed she owed that much, and the collector immediately asserted deficiency on that.

The Court: What I am trying to say as to that \$249—

Mr. Boyle: We get that anyway.

The Court: Any question about the penalty

doesn't apply, because you can have 25 per cent of \$249, just concentrating on the balance.

Mr. Boyle: Well, now, the balance is this penalty [18] of \$682.15. As I say, that was determined by looking at the liability determined by the Commissioner, approximately \$3,700, and subtracting from that.

The Court: I think I understand the facts. I am just trying to get you to concede that if the decision were, on these facts, there was no deficiency except the \$249, that there couldn't be a penalty of any more than 25 per cent of that \$249, no matter what the evidence showed about reasonable cause and all that sort of thing.

Mr. Boyle: Well, I won't concede that.

The Court: You mean you won't concede the penalty is a percentage of the deficiency?

Mr. Boyle: Yes, I will concede that.

The Court: That is really as far as I think I need to get you to go. I don't mean to shut you off, if you have anything more to say in opening.

Mr. Boyle: The other issue is, as stated by counsel, the penalty, whether there was reasonable cause for the late filing of these returns.

The Court: Those are the only penalties?

Mr. Boyle: Those are the only two issues and, as I say, this first issue.

The Court: I am talking about penalty. There is no penalty for failure to file estimates or anything like that, only the penalty for failure to file a return. [19]

Mr. Boyle: On time. That is all pursuant to Section 291a of the Code.

The Court: Are all these facts in the stipulation?

Mr. Boyle: They are.

The Court: Proceed, please.

Mr. Markley: At this time we offer the stipulation of facts.

The Court: The stipulation will be received. Are there any exhibits attached to the stipulation?

Mr. Markley: None.

The petitioner will call Babetta Schmidt.

Whereupon,

BABETTA SCHMIDT

called as a witness for and on behalf of the Petitioner, having been first duly sworn, was examined and testified as follows:

The Clerk: Will you please take the stand and state your name and address for the record?

The Witness: Babetta Schmidt.

Direct Examination

By Mr. Markley:

Q. Your name is Babetta Schmidt, is that right?

A. Yes.

Q. And you are the petitioner in this case?

A. Yes.

Q. Mrs. Schmidt, how old are you? [20]

A. 82.

Q. 82? A. Yes.

Q. Where were you born, Mrs. Schmidt?

(Testimony of Babetta Schmidt.)

A. Germany.

Q. How long have you been in the United States?

A. Oh, almost—almost 60 years.

Q. Were you married, Mrs. Schmidt?

A. Yes.

Q. And is your husband now deceased?

A. Yes.

Q. When did he die, Mrs. Schmidt?

A. In 19—1939, I think, yes.

Q. What business was he in?

A. In contract business. He puts up houses.

Q. He fixed up houses?

A. He puts up new houses, yes.

Q. Have you ever been in business, Mrs. Schmidt, for yourself?

A. No, not just for myself—putting up houses.

Mr. Boyle: I didn't hear that.

Q. (By Mr. Markley): Would you repeat your answer? Have you ever been in business?

A. No, not for business other than I have houses that I [21] put up.

Q. Do you understand, Mrs. Schmidt, that you have an obligation to file an income tax return with the United States Government?

A. Yes, but I did.

Q. You do understand that?

A. I did. I had the—I had Mr. Farrelly.

Q. When your husband was alive, Mrs. Schmidt, did he prepare the income tax returns?

A. No, he—I think in 1921.

Mr. Markley: If the Court please, may I ap-

(Testimony of Babetta Schmidt.)

proach the witness a little closer and assist the reporter in getting the answers?

The Court: I think it would be better if you stay where you are, because we won't be able to hear at all.

Mr. Boyle: Did the witness say who prepared the returns?

Mr. Markley: I don't think so. I will repeat the question.

Q. (By Mr. Markley): When your husband was alive, Mrs. Schmidt, did he prepare income tax returns? A. No, no.

Q. Who did?

A. I did or my daughter. [22]

Q. You did or your daughter?

A. I or my daughter, yes; she helped me.

Q. When you say that you prepared the income tax returns when your husband was alive, do you mean that you filled out the government form or that you just prepared the information for the return?

Mr. Boyle: I object to that as an alternative question. Ask it straight, if you will Counsel.

The Witness: Yes, that is how I—the income tax.

Q. (By Mr. Markley): Would you repeat that, Mrs. Schmidt?

A. I prepared—I took it down.

The Court: She brought it down to the Income Tax Office.

The Witness: Yes.

Q. (By Mr. Markley): You brought it down?

(Testimony of Babetta Schmidt.)

A. Yes. I don't know how many times.

Q. Do you know how to fill out the form for the income tax? Do you understand what you have to do?

A. No, not very good. I have to have somebody to—to say how much things I have, and that is all. Mr. Farrelly did it for me the last time.

Q. In other words, you retained somebody to do this income tax work for you, is that right? [23]

A. Yes.

Q. And his name was Mr. Farrelly?

A. Yes.

Q. What business is he in, do you know?

A. Income tax business. He filled out income tax.

Q. Could you tell me when you first hired Mr. Farrelly?

A. I think my son—they had him, too.

Q. Do you remember when that was when you first got Mr. Farrelly? A. Well, isn't he here?

Q. You don't remember, is that it?

A. No.

Q. Can you say whether it was at least 20 years ago that you first hired Mr. Farrelly?

A. No, I think it was back—it was—I didn't think it was that long. Isn't Mr. Farrelly here? Isn't Mr. Farrelly here?

Q. Yes, he is here, and he will be a witness.

The Court: Did you say, "I don't think it was that long"? Is that what you said?

The Witness: Yes. I said papers he filled out.

(Testimony of Babetta Schmidt.)

Q. (By Mr. Markley): How did you happen to hire Mr. Farrelly, Mrs. Schmidt?

A. My son, he sent him to me, and he has been with us. I don't know for how many years. Everything is all right, he [24] said. Everything is all right. He was here. He said everything was all right.

Q. Your son sent him around to do your income tax, is that it? A. Yes.

Q. What did you hire Mr. Farrelly to do for you?

A. To do—fill out the tax, how much tax I have to pay.

Q. Who gave him the information to fill out the income tax, Mrs. Schmidt?

A. I or my daughter.

Q. Where did that information come from? Where did you keep it? A. In the books.

Q. You kept an account book? A. Yes.

Q. And you gave the information to Mr. Farrelly, is that right? A. Yes.

Q. Now, did he come around to get that information? A. Yes.

Q. He came to your house, is that right?

A. Yes, I called him.

Q. Did he come every year, Mrs. Schmidt?

A. Yes.

Q. And every year you gave him the information to fill [25] out the income tax?

A. Yes.

(Testimony of Babetta Schmidt.)

Q. Is that right?

A. Yes, or my daughter, too. We both had some—my daughter, she had, too.

Q. Do you know how long Mr. Farrelly had been working for your sons when you first hired him.

A. No, not too many years, not too many years; not so many years.

Q. He hadn't been working for your son so many years when you first hired him, is that right?

A. No.

Q. Isn't it true, Mrs. Schmidt, that it was about 1932 that you first hired Mr. Farrelly?

A. I think it must be about that, yes.

Q. And you had him every year after that, didn't you?

A. Yes.

Q. Until about 1952, is that right?

A. I think that was the date, 1953.

Q. We didn't hear.

The Court: "I think 1953."

Q. (By Mr. Markley): 1953?

The Court is that what you said?

The Witness: Yes. [26]

Q. (By Mr. Markley): And every year between 1932 and 1953, Mr. Farrelly would come around and you gave him the information for the income tax, is that so?

A. Yes, I ringed him up and told him to come; I or my son. My daughter took him—she is here, too.

(Testimony of Babetta Schmidt.)

Mr. Markley: I realize what I am doing. I am trying to help the witness out a little.

Mr. Boyle: You certainly are.

Mr. Markley: Do you object to my proceeding in this fashion?

Mr. Boyle: You are going pretty far, I would say, in your leading. You are putting all the words in her own mouth. All she has to do is say yes or no.

Mr. Markley; I don't wish to abuse my privileges. I think the question has been asked and answered before, and I am merely trying to preserve continuity here.

Q. (By Mr. Markley): Mrs. Schmidt, in all these years that Mr. Farrelly was working for you on the income tax, did you pay him money?

A. Yes, I paid him \$200, I paid him that time.

Q. How often did you pay him the \$200?

A. I don't know now how often.

Q. Was the \$200 a fixed fee?

A. No, he asked—no, the last—the last time he asked [27] me for \$500. I didn't give him anything.

Mr. Boyle: What?

The Court: The last time he asked her for \$500 and she didn't give him anything.

The Witness: No.

Q. (By Mr. Markley): Did you have an arrangement with Mr. Farrelly that you were supposed to pay him so much every year?

A. No.

Q. You did not? A. No, no.

Q. How did you know how much to pay him?

(Testimony of Babetta Schmidt.)

A. He asked me.

Q. Did he ask you when he came around to get the information or to have you sign the return?

A. I don't know about that. He asked me some-time; yes, he said I owed him \$200 for what he made out.

Q. Mrs. Schmidt, after he would come around to your house and you would give him the information for filling out the income tax return, did he come back again with some papers for you to sign?

A. (Inaudible and not understandable.)

Mr. Markley: I will withdraw that question and ask it another way. [28]

Q. (By Mr. Markley): Do you remember signing some papers for Mr. Farrelly? A. Yes.

Q. Did he ask you to sign papers? Do you know what they were?

A. No, I don't know how much I signed. I don't know.

Q. Do you remember that after you would give him the information that he would come back to your house and ask you to sign papers and ask you for some money for the government?

A. Yes. I paid him. I paid him every year. I don't owe anything.

Mr. Markley: She said she paid the government and doesn't think she owes anything.

Mr. Boyle: She said yes, that is what happened.

Q. (By Mr. Markley): Can you recall, Mrs. Schmidt, whether Mr. Farrelly came around every

(Testimony of Babetta Schmidt.)

year up to 1953 and asked you to sign papers and asked you for money for the government?

A. I ringed him. I ringed him up.

Q. I didn't understand your answer.

A. I ringed him up. I called him and he came around.

Mr. Boyle: She ringed him up. She called him and he came around.

Q. (By Mr. Markley): Mrs. Schmidt, do you know whether or not when Mr. [29] Farrelly would ask you to sign these papers whether you were signing an income tax return or the declaration of estimated tax?

Mr. Boyle: I object to the alternative question.

Mr. Markley: I don't see anything alternative about that. I asked her if she knows which one it was.

The Court: I am going to overrule the objection.

Mr. Markley: Will you read the question, Mr. Reporter?

(Question was read by the reporter.)

The Witness: No, I don't know. I don't know.

The Court: She said she doesn't know.

Q. (By Mr. Markley): Mrs. Schmidt, when did you first discover or learn that some income tax returns had not been filed on time?

A. No——

Mr. Boyle: I object to that as assuming something not in issue, that they weren't filed on time.

(Testimony of Babetta Schmidt.)

Mr. Markley: If you will concede they were filed on time we can all go home.

The Court: Doesn't your stipulation deal with that?

Mr. Boyle: There is nothing in the testimony about that before this witness.

The Court: There is nothing in the rules that says the witness has to know about it. The witness could be out of the room for a week and come in and be asked a question. [30]

Mr. Boyle: I object to the question as leading.

The Court: Leading it certainly is and has been, and I thought we were trying to bear with the situation as much as possible. Of course, if you object I will have to caution counsel not to lead the witness.

Mr. Markley: I will withdraw the question and ask it another way.

Q. (By Mr. Markley): Mrs. Schmidt, did you ever discover that some income tax returns of yours had not been filed on time?

A. No, my son found it out and he said it to me.

Q. He told you about it? A. Yes.

Q. When was that?

A. I don't know; some years back, some time, yes.

Q. Did you ever have a conversation with Mr. Farrelly about some income tax returns that had to be filed?

A. No, he found out that he couldn't find some

(Testimony of Babetta Schmidt.)

of them for my son. My son found it out, and then I thought that was—he didn't find them.

Q. Mrs. Schmidt, did you always feel that you had filed all of the necessary papers and returns for the government?

A. Yes, yes. He said it, too, that I filed it all and I pay everything, sure. He wrote everything down for my daughter and I. [31]

Mr. Markley: No further questions.

Cross-Examination

By Mr. Boyle:

Q. Mrs. Schmidt, you stated that you got the income tax information from the books—that is, Mr. Farrelly got it from the books? A. Yes.

Q. Who kept the books?

A. My daughter. She is here.

Q. She kept the books?

A. Yes. She is here.

Q. Does she still keep them? A. Yes.

Q. Did you say that you had gone down to the offices of the government, the Internal Revenue people?

A. No, that was a long time ago. That was many, many years ago.

Q. Many years ago you used to go down there, is that right? A. Yes.

Q. Is that when your husband was alive?

A. Yes, but I can't say—I made out some lists here myself and some other things. He died now and I ask him about it and he said how he made it out.

(Testimony of Babetta Schmidt.)

That is—(remainder of answer inaudible and not understandable.) [32]

Mr. Boyle: I have no further questions.

Mr. Markley: No questions.

The Court: The reporter didn't hear the last part of that answer. Are you willing to let it go?

Mr. Boyle: Yes, I will let it go.

(Witness excused.)

Mr. Markley: The petitioner will call Mr. Stephen Farrelly to the stand.

Whereupon,

STEPHEN FARRELLY,

called as a witness for and on behalf of the Petitioner, having been first duly sworn, was examined and testified as follows:

The Clerk: Will you please take the stand and state your name and address for the record?

The Witness: My name is Stephen Farrelly, 145 Idora Avenue, San Francisco.

Direct Examination

By Mr. Markley:

Q. What is your business, Mr. Farrelly?

A. None at the present.

Q. None? A. At Present, none.

Q. What has been your business in the past?

A. Tax consultant, auditor, accountant.

Q. Are you a Certified Public Accountant? [33]

(Testimony of Stephen Farrelly.)

A. I am not.

Q. Are you a licensed public accountant?

A. No, sir.

Q. Were you ever?

A. No, sir. I was, naturally, before the State—in '37 I believe; Vocational Standards Act. None required prior to that.

Q. When did you last cease to be a public accountant, Mr. Farrelly?

A. Oh, gradually diminished until about three or four or five years ago when I gave it up.

Q. You have purported to be a public accountant up to and including 1953? A. Yes, sir.

Q. Do you know Babetta Schmidt?

A. I do.

Q. The lady who just testified?

A. Yes, sir.

Q. When did you first start to work for Mrs. Schmidt?

A. My earliest recollection would be 1938.

Q. What did she hire you to do?

A. Prepare state and federal income tax returns.

Q. Anything else?

A. Nothing that I recall.

Q. Did she pay you money for your [34] services? A. She did.

Q. What was the basis?

A. Professional fee basis.

Q. And how much? What was the arrangement between you and Babetta Schmidt?

(Testimony of Stephen Farrelly.)

A. No arrangement.

Q. Describe what you did for Mrs. Schmidt each year.

A. Call on her in her home, gather the data that she had available for determining the tax liability, which would consist of written lists showing rental income and expense, supplemented by verbal information for explanatory purposes.

Q. Did you prepare—withdraw that.

Was it part of your duties of your employment with Mrs. Schmidt to file the Form 1040-ES with the United States Government each year?

A. Yes, that was part of the service rendered.

Q. Was it also part of your duties to prepare and file on her behalf the Form 1040 Income Tax Return?

A. I don't know whether you would consider it a duty, but that was understood.

Q. You understood that was one of the things you were hired to do?

A. Yes, sir.

Q. Now, when did you cease working for Mrs. Schmidt?

A. On the last return that I recall it was for the [35] calendar year 1951.

Q. Did you file on behalf of Mrs. Babetta Schmidt forms 1040-ES for all of the years that you worked for her?

A. I did.

Q. And did you ask her for a remittance to be paid to the United States Government on estimated tax for each of those years?

A. No, sir.

Q. Well, why not?

(Testimony of Stephen Farrelly.)

A. I left it to her to pay. I left the returns with her for her to pay on.

Q. Did you file on behalf of Babetta Schmidt the Form 1040-ES estimated tax for each year; did you file it with the government?

A. I left it up to the taxpayer to do that.

Q. Now, did you file a form income tax return 1040 for the taxpayer in each of the years?

A. Yes, sir. I left it up to my client, the taxpayer, to file them.

Q. You say that you prepared one for each of those years? A. For each of those years.

Q. What did you do with it?

A. Gave them to the—my client, Mrs. Babetta Schmidt.

Q. Did you see that she signed it?

A. In most cases, yes, but in all I am not [36] sure.

Q. And you say you left them with her?

A. Yes, sir.

Q. Did you do that in 1938?

A. As I recall it, I did.

Q. Did you do that in 1939?

A. I believe so.

Q. You left the return with her?

A. I believe so.

Q. How about 1940?

A. I can't single out any year in which I did not.

Q. Do you recall any year in which you personally filed the return?

(Testimony of Stephen Farrelly.)

A. I remember an occasion when she had a cashiers check, I believe, that I took to the collector and gave the return and the cashiers check to the cashier in the collector's office. I don't recall what year it was.

Q. Mr. Farrelly, did you prepare on behalf of the taxpayer in this case a Form 1040 Income Tax Return for the year 1944? A. I did.

Q. What did you do with that income return?

A. That, together with the years immediately subsequent to 1944 were given to Mrs. Schmidt.

Q. When?

A. I think that was in 1952. [37]

Q. When did you prepare those returns?

A. In 1952.

Q. Did you prepare an income tax return—withdraw that.

Did you prepare a 1040-ES for the taxpayer in 1944? A. I did.

Q. Did you prepare it in that year?

A. I did.

Q. Do you know whether or not she made payment on that declaration?

A. I fully believe that she did.

Q. Did you prepare a Form 1040 Income Tax Return for the taxpayer for the year 1944 in the year 1944 or 1945?

A. In—for the calendar year 1941 that federal form 1040, Form 540, was prepared in 1945, and I believe it showed a tax liability.

(Testimony of Stephen Farrelly.)

Q. I didn't ask you what it showed. I wanted to know what did you do with it?

A. I took it to her for signature and payment for whatever tax may be due at that time.

Q. What became of it then?

A. After having prepared the form she called my attention to the fact that she had sustained a loss. I believe she referred to it as a bad debt loan that she had made on her note, or two notes, and she refused to sign the return until [38] those losses were deducted. I prepared another return, and in the meantime she recalled another loss that was deductible in that year, and I think that I made two or three 1040 forms, and there wasn't sufficient time to file it. I wanted her to sign it and file it, and I would amend the return later.

Q. What happened?

A. She declined to accept the form in that—in that form that it was in and insist the losses be shown on the form.

Q. What did you do about it?

A. Nothing at that time, until some years later.

Q. Did you prepare an income tax return for the taxpayer in the year 1945? A. I did.

Q. And when did you do that? A. 1952.

Q. Had you prepared any in 1945 or 1946 for the year 1945? A. The regular Form 1040?

Q. Income Tax Return?

A. Yes, they were prepared.

Q. And what became of that?

A. Filed in 1952.

(Testimony of Stephen Farrelly.)

Q. When was the return that was prepared in 19—strike that.

When was the return that was filed in 1952 actually [39] prepared by you? A. In 1952.

Q. Did you prepare another return, a previous return, for the taxpayer for the year 1945?

A. 1040-ES estimated income.

Q. Did you ever prepare an income tax return for her for the year 1945 prior to 1952?

A. That particular year I don't recall.

Q. Did you prepare a Form 1040-ES declaration of estimated tax for this taxpayer for the year 1945? A. Yes, sir.

Q. And what became of that?

A. Filed in the usual manner, left it with my client.

Q. Did you ask her to sign it?

A. In most cases I did.

Q. In this particular case do you—did you ask her to sign it? A. I don't recall.

Q. Do you know whether or not she did sign?

A. I am not certain that she did.

Q. Did you leave it with her personally?

A. Yes, sir.

Q. Did you prepare an income tax return for this taxpayer for the year 1947?

A. Yes, sir. [40]

Q. And when?

A. I am not certain now whether it was in 1947 to '49. There were two of those years that those returns were prepared and filed, and that year that

(Testimony of Stephen Farrelly.)

you are questioning I am not certain. Those returns were filed currently for which year they applied.

Q. Did you prepare and file on behalf of this taxpayer income tax returns for the years 1944, 1945, 1946, 1947, 1948 and 1949 in the year 1952?

A. Except for two of those years which I believe were filed in the year in which they were due.

Q. Had you prepared returns for any of those years prior to that? That is, prior to 1952?

A. Yes, sir.

Q. Which ones? A. I am uncertain.

Q. Will you state whether or not you went around to Mrs. Schmidt's home each year during 1944, 1945, 1946, 1947, 1948 and 1949 and picked up information for the preparation of the returns?

A. I did.

Q. Can you tell us why those returns were not prepared until 1952? A. My health.

Q. What was the matter with your health? [41]

A. The trouble that used to come and go.

Q. Can you tell us what kind of trouble it was?

A. Arthritis, neuritis. In medical term, ankylosing spondylitis.

Q. When did it first come to your attention, Mr. Farrelly, that income tax returns for these years had not been filed after the tax year?

A. 1945.

Q. When did it first come to your attention, Mr. Farrelly, that income tax returns for Babetta

(Testimony of Stephen Farrelly.)

Schmidt had not been filed for the years 1944, 1945, 1946, 1947 and 1949?

A. Each year, 1948 and '49.

Q. You state that you knew each year those returns had not been filed? A. Yes, sir.

Q. What did you do about it?

A. Called for help.

Q. You did what?

A. Called for assistance.

Q. In what way did you call for assistance, Mr. Farrelly?

A. My wife assisted me and another public accountant came in to finish them up.

Q. When did it first come to your attention that the returns for those years, 1944, 1945, 1946, 1947, 1948 and 1949 [42] had not been filed timely by the taxpayer? A. Each year it was known to me.

Q. I don't understand your answer, Mr. Farrelly. A. You asked me——

Mr. Boyle: Object that he is arguing with his own witness.

The Witness: May I state that you asked me——

The Court: Just a minute. I will sustain the objection.

You may ask another question.

Q. (By Mr. Markley): Mr. Farrelly, did you come to the house of the taxpayer in the year 1952 with a group of returns for the years 1944, 1945, 1946, 1947, 1948, 1950, 1951 and 1952?

A. Yes.

(Testimony of Stephen Farrelly.)

Q. You did? A. Yes.

Q. Did you have a conversation with the taxpayer at that time? A. I did.

Q. About those returns? A. Yes, sir.

Q. Did you make a statement to the taxpayer that it had just come to your attention that the returns for those years had been overlooked? [43]

A. Not that I recall having made such a statement.

Q. Did you tell the taxpayer—who was present at that conversation?

A. She only at the time; later was joined by her two sons.

Q. Did you make a statement in front of the taxpayer and her sons to the effect there was nothing to worry about, that you had an extension of time from the Internal Revenue Service?

A. No, sir.

Q. You did not? A. No, sir.

Q. Did you make a statement to them that there was nothing to worry about, that you had a blanket extension of time with the Internal Revenue Service? A. No.

Q. With regard to all of your cases?

A. No, sir.

Q. What did you tell them in connection with the group of returns which you then had in your possession?

A. Mrs. Schmidt was about ready to leave for the country for a visit to Germany, and I suggested

(Testimony of Stephen Farrelly.)

that the tax liability be cleared up and her returns filed before she left.

Q. Was it brought to your attention the necessity of preparing this group of returns and taking them out to Mrs. Schmidt? [44]

A. I realized my inability to carry through, and I called in another accountant to finish them.

Q. I don't think you understood my question.

Mr. Boyle: I don't think this is material or relevant. We are dealing with 1952, all past the years in issue here that he is now questioning the witness about. I object on the grounds that it is irrelevant and immaterial.

The Court: Overruled.

Q. (By Mr. Markley): What was the occasion for your going out to Mrs. Schmidt's house with all of these returns for these years?

A. Well, they were just completed by the accountant that I had assisting me on them, and as long as they were completed they should be filed, paid.

Q. What was the occasion for the preparation of those returns? What called your attention to the necessity of preparing them, having this accountant work on them? A. Nothing special.

Q. Do I understand your testimony to be that it was just then that you had gotten around to preparing and asking the taxpayer to sign these returns?

A. I don't understand that question.

Q. You went out to Mrs. Schmidt's house in

(Testimony of Stephen Farrelly.)

1952 with income tax returns for the years 1944, 1945, 1946, 1947, 1948, 1949, 1950, and 1951; at least you had all of those returns. [45] Had you just gotten around to getting those returns ready for her to sign? A. Yes, sir.

Q. Did Mrs. Schmidt pay you money every year, Mr. Farrelly?

A. I believe so. I am not certain about the calendar year, but I believe it was.

Q. Every year from 1938 up to 1953, or whenever it is that you were discharged?

A. 1950 or '51.

Q. You sent her a bill for 1952, didn't you, \$500 for the preparation of those returns?

A. Yes, sir.

Q. She didn't pay you that? A. No, sir.

The Court: How much longer do you expect to be with this witness?

Mr. Markley: Just to introduce these exhibits.

I take it I may approach the witness for the purpose of showing them to him.

Q. (By Mr. Markley): I show you a group of papers bearing your letterhead, purported to be statements and receipts? A. Yes, sir.

Q. All of these were prepared by you, is that so? [46]

A. With the exception, that would be for this service or the typing.

Q. That was an exhibit to one of your statements, is that so? A. That's correct.

(Testimony of Stephen Farrelly.)

Q. Now, did you give Mrs. Schmidt a receipt for every statement or every bit of money that you got from her? A. Yes, sir.

Q. You did? Did you keep copies of those receipts? A. No, sir.

Q. You have looked through these receipts that I have shown you here, and they certainly don't reflect all of the payments that you ever got from Mrs. Schmidt, do they? You got other payments that were not reflected in here?

A. They should be. She was given a receipt for each payment.

Q. I understand, but these ones I have shown you are not all of them, are they?

A. I am not certain. I do have a list of the payments actually received.

Q. You do? Do you have it with you?

A. Yes, sir.

Mr. Markley: May I suggest we take the noon recess, and I will take a look at this.

The Court: Is that satisfactory, Mr. Boyle? [47]

Mr. Boyle: Satisfactory.

The Court: We will take a recess until 2:00 o'clock.

(Whereupon, at 12:05 o'clock p.m., a recess was taken until 2:00 o'clock p.m., of the same day.) [48]

STEPHEN FARRELLY

resumed his testimony as follows:

Direct Examination

(Continued)

By Mr. Markley:

Q. Mr. Farrelly, at the time of the recess I was asking you about the statements that I showed you. You will recall that the earlier statement of this group is for 1947. Mrs. Schmidt paid you sums of money prior to 1947, did she not?

A. Yes, she did.

Q. She paid you for each year?

A. Each year.

Q. Also called to your attention in these groups of statements, I have no statements for 1948 or 1949. She also paid you sums of money in those years?

A. Yes. In 1948 there was a payment of \$100 made in the early part of the year; February the 12th for \$100, and again December the 31st, 1948, for \$100.

Q. Did she also make payment in 1949?

A. None in 1949.

Q. 1950?

A. One payment in April for \$200.

Mr. Markley: I offer this group of statements into evidence as Petitioner's Exhibit.

Mr. Boyle: Objection. [49]

The Court: It will be received and marked in evidence as one exhibit.

The Clerk: Petitioner's Exhibit No. 1 is received in evidence.

(Testimony of Stephen Farrelly.)

(The document above referred to was received in evidence and marked Petitioner's Exhibit No. 1.)

Q. (By Mr. Markley): I show you Petitioner's No. 1 in evidence and ask you to look at it.

Mr. Farrelly, you will note that your handwriting on the top paper there which is the statement for 1947 is quite bad. I take it you were quite ill at that time?

A. Well, able to get around but not physically well.

Q. You will note your handwriting on the statement for 1951 there, please? A. Yes, sir.

Q. Your handwriting is markedly improved at that time?

A. Yes, in both papers here for 1951 an improvement.

Q. You say you were feeling better at that time?

A. Better than I was previously, yes, sir.

Q. Mr. Farrelly, you are appearing here in response to a subpoena, is that correct?

A. Yes.

Q. The subpoena asked you to produce certain papers in [50] connection with your papers you have for Babetta Schmidt? A. Yes, sir.

Q. Did you do that? A. Yes, sir.

Q. May I see them?

Removing from the stack of papers that you have produced, document entitled "Affidavit," I ask you if that was prepared by you?

(Testimony of Stephen Farrelly.)

A. Yes, sir, it was.

Q. Was it prepared by you on or about the date it bears, the 26th day of June, 1952?

A. Yes, sir.

Mr. Markley: I offer this in evidence as Petitioner's next.

Mr. Boyle: I object to that as not the best evidence, and it is immaterial and irrelevant to the issue at hand, it seems to me.

The Court: May I see it?

What about the original?

Mr. Markley: Well, I was going to ask him about the original.

The Court: Well, in the meantime this is nothing but secondary evidence.

Mr. Markley: Very well. [51]

Q. (By Mr. Markley): This is a copy, Mr. Farrelly. What became of the original document.

A. That accompanied the tax returns that were given to the collector.

Mr. Markley: Very well. Do you have those returns here, Mr. Boyle?

Mr. Boyle: Which year is that?

Mr. Markley: He said it accompanied all the returns.

Mr. Boyle: Yes, I have those here.

Q. (By Mr. Markley): On what returns was that statement appended; what years?

A. That statement, I believe, was to cover all of the returns that were being filed at that time; one statement for all.

(Testimony of Stephen Farrelly.)

Mr. Markley: Do you have the original of that statement, Mr. Boyle?

Mr. Boyle: Yes, I intend to file photostatic copies of two years, and in one of these a similar statement is attached. It would—would that serve your purpose?

Mr. Markley: Yes, certainly.

Mr. Boyle: All right. It can go in that way then.

Q. (By Mr. Markley): Did you obtain any extensions of time from the [52] Internal Revenue Service in connection with any of the returns which were filed in 1952, Mr. Farrelly?

A. I am not sure of the year. I believe that it was 1948 or 1949. I requested an extension and the extension was granted.

Q. That is, to the best of your recollection, to the years you have just testified to, is that right?

A. As I recall it. I believe it was a 60-day extension that was requested.

Mr. Boyle: If Your Honor please, the stipulation of facts shows that extension. Isn't that so, Counsel?

Mr. Markley: Oh, yes.

Mr. Boyle: Then so we don't confuse the record, I think that we can rely upon the stipulation of facts in that regard.

Mr. Markley: I might say I am not trying to deviate from the stipulation of facts in this case. I am merely questioning this witness on some of the material features of what he did.

The Court: What paragraph of the stipulation is that?

(Testimony of Stephen Farrelly.)

Mr. Markley: 3.

The Court: Do you want to find out whether it is this witness who got that extension? If that is so, it would not be any violation of the stipulation. [53]

Mr. Markley: Yes. That is one of the purposes of my examination.

The Court: What I think Mr. Boyle has in mind, what I would warn you of is if you are starting out with any fact which is stipulated, you should preface your question with that rather than asking it. Like in this case, you would say it is stipulated that the extension of time was granted to file a 1950 return, and then go ahead and ask the witness whatever question it is you want to ask him.

Mr. Markley: Of course, I take it I am not allowed to lead this witness, and I have to be somewhat——

The Court: Well, you can say, "Who was it, if you know, that procured that extension?"

Mr. Markley: Also this is not exactly a friendly witness.

The Court: I was going to say that no request has been made to me to rule on the question of whether you may cross-examine this witness.

Q. (By Mr. Markley): The stipulation of facts in this case, Mr. Farrelly, is that an extension of time was granted by the collector of Internal Revenue in regard to the return for the calendar year 1950. Was that extension procured by you?

A. Yes, sir.

Q. Were any extensions of time procured by

(Testimony of Stephen Farrelly.)

you as to [54] any other of the years, 1944, 1945, 1946, 1947, 1948 or 1949? A. I can't recall.

Q. Well, to the best of your recollection did you obtain any extensions for those years?

A. There is none that I can state definitely. I have a hazy recollection of a request having been made for the year 1949, but I am not certain of it.

Q. By you? A. By me.

Mr. Markley: I have no further questions of the witness.

Mr. Boyle: I have no questions.

The Court: All right, Mr. Farrelly.

(Witness excused.)

Mr. Markley: The petitioner will call Mr. Schmidt.

Whereupon,

WALTER J. SCHMIDT,

called as a witness for and on behalf of the Petitioner, having been first duly sworn, was examined and testified as follows:

The Clerk: Will you take the stand and state your name and address for the record?

The Witness: Walter J. Schmidt, 4114-23rd Street, San Francisco.

Direct Examination

By Mr. Markley: [55]

Q. Mr. Schmidt, are you related to the petitioner in this case? A. Yes.

(Testimony of Walter J. Schmidt.)

Q. What is your relationship?

A. She is my mother.

Q. Do you know Mr. Stephen Farrelly?

A. Yes, sir.

Q. He is the man who just testified here, is that right?

A. Yes.

Q. When did you first meet Mr. Farrelly?

A. Well, I imagine back in about 1930.

Q. What were the circumstances?

A. Well, my brother and I used to be in the building business, and also we done small carpenter jobs, and we were doing a lot of work for a real estate man by the name of Webb, and I believe he recommended Mr. Farrelly at that time because we was starting to get along and we needed help, you know, in our planning of our income tax.

Q. Did you hire Mr. Farrelly to do something for you?

A. Oh, yes.

Q. What was it?

A. To prepare our income tax returns.

Q. And how long did he do that for you and your brother?

A. Up to about 1951, I think.

Q. Was he continuously employed by you and your brother [56] from 1930 to 1951?

A. Yes, sir.

Q. Do you know how he happened to become employed by your mother?

A. Yes.

Q. What were the circumstances?

A. Well, after we had him a couple of years, the best I can recall, why we recommended him to her

(Testimony of Walter J. Schmidt.)

for—to take care of her business also like he was taking care of ours.

Q. To the best of your recollection what year was that that he was sent to your mother?

A. I would say about '32, maybe '33.

Q. Were you present on an occasion when Mr. Farrelly brought a group of income tax returns over to your mother in 1952?

A. Yes.

Q. Would you tell us what happened on that occasion?

A. Well, my mother was leaving for Germany along with my sister. They were to leave the next morning, and being as she has rental income property, why, my brother and I were there to take over what receipts she had on hand—I mean funds, and also to take—well, get a record of when the various people were paid. We happened to be there, and we were in the kitchen at the time the doorbell rang, and she answered the door and they—well, I know somebody came up [57] into the living room; and she had already given us all the money that she had on hand around there, cash to put in the bank for her. So she came into the kitchen and wanted \$500 of it to give Mr. Farrelly, and we wanted to know what for, and then we went in the living room and he had all these returns along with the bill for \$500, and so we told her not to pay him.

Q. What conversation, if any, took place?

A. Well, we wanted to know why they weren't filed. We didn't know they hadn't been filed for all these years, and—well, naturally he said he was sick

(Testimony of Walter J. Schmidt.)

and he just got busy and got them all ready, and there they were.

Q. Did he say anything at that time about there being nothing to worry about, that an extension of time had been granted?

A. Well, he always told us that, even when he was doing our work we were never to worry, everything was all taken care of.

Q. What did he say on that occasion?

A. Well, the best I can recall he told us that there was nothing to worry about, all we had to do was get her to pay up what was due on these various returns, and everything would be all right.

Mr. Markley: No further questions.

Mr. Boyle: No questions. [58]

The Court: All right, Mr. Schmidt.

(Witness excused.)

Mr. Markley: The petitioner will call Mr. Shaw.

Whereupon,

HENRY A. SHAW

called as a witness for and on behalf of the petitioner, having been first duly sworn, was examined and testified as follows:

The Clerk: Will you please take the stand and state your name and address for the record?

The Witness: My name is Henry A. Shaw, 690 Market, Room 1208, San Francisco.

(Testimony of Henry A. Shaw.)

Direct Examination

By Mr. Markley:

Q. What is your business, Mr. Shaw?

A. Public accountant.

Q. Do you know Babetta Schmidt?

A. I do, sir.

Q. What is your relationship to Babetta Schmidt? A. Client.

Q. How long has she been your client?

A. Since 1952.

Q. You are now her accountant, is that right?

A. Correct.

Q. Have you had occasion to examine the books and records kept by Babetta Schmidt in regard to her rental of [59] property? A. I have, sir.

Q. And what years do those records cover?

A. The actual records I compiled were the income tax from 1944 through 1952.

Q. Now, I asked you what years do the books cover?

A. Oh, the books themselves go back as far as 1937 on the rental property.

Q. Have you examined those books from 1937?

A. Well, as far as—I looked at them, but as far as compiling the data, I only compiled the data from 1944.

Q. I understand that, but have you examined the books? A. I have, sir.

Q. In your experience as an accountant, do you

(Testimony of Henry A. Shaw.)

find that those books are adequate in reflecting receipts and disbursements? A. They are, sir.

Q. Do they contain the information which is necessary for the preparation of income tax returns? A. They do.

Mr. Markley: No further questions.

Mr. Boyle: No questions.

The Court: All right.

(Witness excused.)

Mr. Markley: The petitioner rests. [60]

Mr. Boyle: The respondent offers in evidence the petitioner's individual income tax returns for the taxable years 1944 and 1945.

I offer first in evidence the year 1944 as Respondent's first in order.

The Court: Any objection?

Mr. Markley: No objection.

The Court: It will be received and marked in evidence.

The Clerk: Respondent's Exhibit A is received and filed.

(Document above referred to was received in evidence and marked Respondent's Exhibit A.)

Mr. Boyle: I offer petitioner's return for 1945 as Respondent's next in order.

Mr. Markley: No objection.

The Court: It will be received and marked in evidence.

The Clerk: Respondent's Exhibit B is received and filed.

(Document above referred to was received in evidence and marked Respondent's Exhibit B.)

Mr. Boyle: The respondent rests.

Mr. Markley: May I ascertain, Mr. Boyle, whether the tax returns that you have filed bear that statement that I wanted to put into [61] evidence?

Mr. Boyle: One does, Counsel. I beg your pardon, both do.

Mr. Markley: And you will stipulate that that was prepared by Mr. Farrelly as he testified? It is connected up.

Mr. Boyle: No, I don't so stipulate. If the record is clear, it is clear.

The Court: It isn't clear, because you objected to the document that was offered as being secondary evidence. You have the original, and you told Mr. Markley you would produce the original.

Mr. Boyle: I will produce it.

The Court: And from that he assumed he didn't have to question the witness.

Mr. Boyle: I am sorry I misled the Court. I don't object to that as being untrue. I don't know, so I am not going to stipulate to it.

The Court: You had better recall Mr. Farrelly.

Mr. Boyle: I will give counsel the original returns.

Mr. Markley: Mr. Farrelly, will you take the stand, please.

Whereupon,

STEPHEN FARRELLY

called as a witness for and on behalf of the Petitioner, having been previously duly sworn, was examined and testified as follows: [62]

Direct Examination

By Mr. Markley:

Q. I show you an income tax return for the year 1944 for Babetta Schmidt, and I wish to call your attention to the document entitled "Affidavit" which is a part of that return and ask you to read that. A. Yes, sir.

Q. Was that prepared by you, Mr. Farrelly?

A. Yes, sir, it was.

Q. And the facts set forth therein are true, are they? A. Yes, sir.

Q. I show you income tax return for Babetta Schmidt for 1945 and call your attention to an affidavit which is a part of that return, which is similar to the one you have just read. I ask you to read that. A. Yes, sir.

Q. Was that prepared by you?

A. Yes, sir, it was.

Q. The facts therein are true?

A. Yes, sir.

Q. To your own knowledge? A. Yes, sir.

Mr. Boyle: If your Honor please, I object to that part as characterized not due to the fault of the petitioner. This man can testify due to long ill-

(Testimony of Stephen Farrelly.)

ness they weren't filed, [63] but I move that any testimony on his part that everything in there is true, especially that part which says the late filing was not due to any intent on the part—I beg your pardon. I misread it. I ask that my remarks be ignored.

The Court: Thank you.

Mr. Markley: Now, with that foundation I will ask that you stipulate, Mr. Boyle, that the photostatic copy of the returns bearing the photostatic copy of that affidavit which has just been identified and testified to are one and the same, and the photostat may be used in lieu of the original.

Mr. Boyle: Yes, I so agree.

Mr. Markley: That is all, Mr. Farrelly.

The Court: Just a minute, Mr. Farrelly. May I see those exhibits, please?

The Court: I think these are about the same, so would you look at that one statement there, please, and I ask you to look at the last line of that affidavit.

A. Yes, sir.

Q. It reads, "Was due to prolonged illness of my accountant"; is that correct?

A. Yes, Your Honor.

Q. Now, is the accountant, "my accountant," referred to there, is that yourself?

A. Yes, sir. [64]

The Court: Thank you.

I have no further questions.

Mr. Markley: We rest.

The Court: Thank you, Mr. Farrelly.

(Witness excused.)

The Court: I understand the respondent rests also?

Mr. Boyle: The respondent rests.

The Court: Do you want to time the briefs?

Mr. Boyle: 60, 30, if Your Honor please.

The Court: Is that satisfactory?

Mr. Markley: Yes.

The Court: Very well. 60 days for the main brief and 30 days thereafter for each side to reply.

Will you read it?

The Clerk: The main brief will be due October 29, and the reply brief will be due November 29.

Mr. Markley: I take it that these briefs are res-seriatim.

The Court: They are simultaneous. You and the respondent will both file your main briefs and your reply briefs on the same day.

Mr. Markley: I asked to be sure because this is my maiden appearance in the Tax Court.

The Court: Marked submitted.

We will take a recess until tomorrow morning at [65] 10:00 o'clock.

(Whereupon, at 2:35 o'clock p.m., the hearing in the above-entitled matter was closed.)

Filed: September 17, 1956, T.C.U.S.

[Title of Tax Court and Cause.]

FINDINGS OF FACT AND OPINION

1. Petitioner's overpayment of 1944 estimated tax taken as credit against 1945 tax liability, held, to afford no occasion for determination by Tax Court as to either 1944 which was not placed in issue, nor as to 1945, as to which deficiency is conceded and no amount in excess of admitted tax liability is shown to have been paid.

2. Petitioner's failure to file timely individual income tax returns, held, on the facts, not due to reasonable cause.

TOM B. MARKLEY, ESQ.,

For the Petitioner.

EDWARD H. BOYLE, ESQ.,

For the Respondent.

Respondent determined deficiencies in income tax and 25 per cent additions to tax under section 291 (a), Internal Revenue Code of 1939, for failure to file timely returns as follows:

Year	Deficiency	Additions to Tax
1944	\$ 95.00
1945	255.58	\$682.15
1946		44.14
1947		137.87
1948		125.15
1949	502.32
1951	1,124.15

Petitioner claims to have made overpayments for the following additions to tax previously assessed and paid for failure to file timely returns:

Year	Additions to Tax
1945	\$249.11
1947	444.45
1948	175.03
1951	245.09

No deficiencies are in issue. Those for 1944 and 1949 are not contested in the petition. For 1951 respondent concedes that there is no deficiency in income tax and that there is an overpayment of \$125.85. For 1945 petitioner concedes the deficiency determined, but claims error in respondent's failure to give credit on account of \$2,378 from unapplied payment of estimated tax for 1944.

The remaining issues are (1) what, if any, action should be taken with respect to a claimed credit for 1945, based on unapplied payment of estimated tax for 1944, and (2) whether petitioner is subject to the 25 per cent additions to tax for failure to file timely returns.

Findings of Fact

The stipulated facts are hereby found.

Petitioner, born in Germany in 1874, came to this country before 1900. Since her husband's death in 1939, she received rents from certain property. Except for the rental property, petitioner carried on no business activities.

Petitioner understood her obligation to file income tax returns, but had no personal knowledge or ability to prepare returns. Prior to her husband's death, she took information to the local Internal Revenue Bureau office for assistance. About 1932, on her sons' recommendation, she retained the person who prepared their returns, hereafter referred to as the accountant, to do her income tax work. The sons, who were in business, employed the accountant from 1930 to 1951.

Petitioner employed the accountant from 1932 until about 1952 to do her income tax work. The accountant, although never certified or licensed as a public accountant, held himself out to be a tax consultant, auditor, and public accountant through 1953. After 1937 the State of California required licensing of public accountants.

Following petitioner's call to him, the accountant would come to her house for income tax information. She or her daughter recorded certain information in an account book. The book adequately reflected receipts and disbursements and the information necessary to prepare income tax returns. The accountant also would request certain oral explanations.

The accountant would take petitioner's information and return later with papers for her to sign. Petitioner from time to time paid the accountant his requested fees, averaging about \$200 per year, for his income tax services.

The accountant prepared petitioner's income tax returns through 1943. He left the returns with her and she filed them in time. For each of 1944, 1946 and 1948 through 1951 he prepared Forms 1040 ES, Declaration of Estimated Tax, for petitioner, which she signed and which were timely filed. Petitioner made payments with each Form 1040 ES that was filed.

Petitioner did not file timely returns, Form 1040, for 1944 through 1949 and 1951. In 1952, the accountant brought returns for 1944 through 1949 and 1951 to her home for her signature. He gave illness as excuse for the delay. Petitioner's son refused to allow her to pay the accountant a \$500 invoice for services. The accountant assured them that they need not worry if they paid the tax due on the returns. He obtained an extension of time only for 1950.

The accountant prepared an affidavit for petitioner to sign and attach to the returns which stated that the delay in filing

was not due to any intent on my [petitioner's] part to hinder, delay, defraud, evade, or avoid taxation, but was due to the prolonged illness of my accountant.

The accountant prepared the returns in 1952.

On June 30, 1952, petitioner filed delinquent income tax returns for 1944 through 1949 and 1951 with the collector of internal revenue for the first district of California. She timely filed her 1950 re-

turn on August 15, 1951, pursuant to an extension of time granted for that year.

Upon receiving the delinquent returns, respondent determined deficiencies, and additions to tax for failure to file, for certain years for which delinquent returns were filed.

Petitioner's declaration of estimated tax for 1944 showed an estimated liability of \$2,473. She paid \$618.25 on each of April 15, June 14, and September 11, 1944, and January 4, 1945. Her 1944 income tax return, delinquently filed on June 30, 1952, showed no liability and requested that the \$2,473 overpayment be credited against her 1945 estimated tax. Neither she nor anyone acting in her behalf filed a declaration of estimated tax for her for 1945.

On her 1945 income tax return, delinquently filed on June 30, 1952, petitioner entered the \$2,473 as a payment on her 1945 declaration of estimated tax, reducing her income tax liability accordingly. Respondent applied part of the \$2,473 to pay the conceded deficiency determined for 1944. No part of the \$2,473 has been allowed in satisfaction of petitioner's tax liability for 1945 or any later year.

Petitioner's failure to file timely returns for the years in controversy was not due to reasonable cause.

Opinion

Opper, Judge:

The record is not as clear as it might be, but as nearly as can be ascertained, the first issue arises

against the following background: In 1944 petitioner concededly overpaid her estimated tax for that year by some \$2,400. No estimate was filed for 1945, and until 1952 no final returns were filed for the years 1944 through 1949. In the 1944 return filed in 1952, petitioner requested that her 1944 overpayment be applied against estimated tax, and in her 1945 return filed at the same time, she requested that the 1944 overpayment be applied against her tax for 1945. Her 1945 return showed as due only the computed tax less the deducted 1944 overpayment. And apparently only the difference was paid with the return in 1952.

Respondent has determined deficiencies for 1944 and 1945 as well as for two of the other years but none of these deficiencies are in issue. The first controversy appears accordingly to be whether the Tax Court has any basis for determining that there has been an overpayment for 1945 when, in fact, no amount has been paid beyond that concededly due.

In her motion to amend her petition, petitioner states the proposition as follows:

Since the filing of the petition herein and the respondent's answer thereto, the Director of Internal Revenue has issued his demand for payment against petitioner on Form 21A, for the year 1945 in the amount of \$2,473.00 plus interest. Despite the fact that the Commissioner of Internal Revenue in his notice of deficiency * * * asserted no such deficiency of \$2,473.00 for said year 1945; and, until the issuance by the

District Director of a demand for payment, taxpayer had no notice of any disallowance of said credit or that the same was in issue. Therefore, the dispute by the petitioner and respondent as to whether petitioner, in computing the amount due the government in the year in question, correctly took the aforesaid credit of \$2,473.00, cannot be resolved in this proceeding, and taxpayer will be forced to seek an injunction against the Director of Internal Revenue restraining him from collecting said tax unless petitioner is allowed to amend her petition herein, thereby framing the issue. [Emphasis added.]

No appeal has been taken from the determination with respect to 1944, the year when the payment in question was made. The Tax Court accordingly has no jurisdiction over that year. *John R. Thompson Co.*, 10 B.T.A. 57. The record appears to indicate that there has been no overpayment for 1945, or at least petitioner, on whom lay the burden, has not proved otherwise. As petitioner points out, respondent did not determine any deficiency with respect to the 1945 credit for the 1944 overpayment. See *John Moir, et al.*, 3 B.T.A. 21, but see section 271 (b) (1), Internal Revenue Code of 1939. He has hence not found in any determination over which we have jurisdiction that the credit for the overpayment was improperly taken. There is nothing upon which the Tax Court could properly act. We could not determine that there is no deficiency or that there is a deficiency of a different amount since 1944

is not in issue and 1945 is conceded. Cf. Ribbon Cliff Fruit Co., 12 B.T.A. 13, 17. We could not determine that there has been an overpayment for 1944 because that year is not before us, nor for 1945, since the facts do not show that anything more than the tax due, even on petitioner's own statement, has actually been paid.

We intimate no opinion as to whether respondent could now determine a further deficiency in tax for 1945 thereby placing in issue the propriety of the credit taken. But see section 272 (f), Internal Revenue Code of 1939. It may be that under appropriate circumstances petitioner could prevent the threatened assessment and levy by resorting to the injunctive process. See *Repetti v. Jamison* (N.D., Cal.), 131 F. Supp. 626, *affd.* (C.A. 9) 239 F. 2d 901. Upon this possibility also we are required to express no opinion.¹ We conclude only that in the present posture of the case there is no determination which the Tax Court can make on the issue as presented except that the deficiency in income tax for 1945 was properly determined and that there is no overpayment of tax for that year.

¹The parties have stipulated that "No part of the \$2,473.00 has been allowed in satisfaction of petitioner's tax liability for 1945 or any later year," and we have so found. We construe this as meaning merely that respondent has taken no affirmative factual action to allow any such credit. To the extent that he may, as a matter of law, have so acted as to cause some different result to follow, the matter is not factual and cannot be stipulated by the parties, and this, as we have already emphasized, is not being decided here.

On the second issue, we have found it impossible to make the finding requested by petitioner, that she relied upon her accountant to prepare all necessary returns for her and that, therefore, her failure to file any timely final returns whatever for the years in question was due to "reasonable cause."² This results not so much from the question of whether the accountant himself was properly qualified, an issue as to which we find it unnecessary to express an opinion, see *Walter H. Kaltreider*, 28 T.C. (April 23, 1957); *Heatbath Corporation*, 14 T.C. 332; *Hermox Co.*, 11 T.C. 442, affirmed per curiam (C.A. 3) 175 F. 2d 776, as from petitioner's own testimony.

According to her statement, it was her practice to take the initiative in calling upon the accountant for the preparation of any required documents. Her evidence offers no explanation as to the complete absence of any timely returns for the years 1945 and 1947. Even if she might otherwise have thought that a return of estimated tax was sufficient, the record indicates that in those 2 years not even the estimates were filed. And there is no explanation.

The accountant testified that for the year 1945 he prepared and delivered to her a declaration of esti-

²"Sec. 291. Failure to File Return:

"(a) In case of any failure to make and file return required by this chapter, within the time prescribed by law or prescribed by the Commissioner in pursuance of law, unless it is shown that such failure is due to reasonable cause and not due to wilful neglect, there shall be added to the tax: * * *

mated tax. Petitioner was silent as to this point. For whatever reason, the estimate was not filed. 1945 is the earliest of the "penalty" years involved here. The lack of any showing of reasonable cause for the failure to file currently any returns whatever for that year and for 1947 colors petitioner's entire conduct with respect to the whole period. While we need not say that she was guilty of wilful neglect, and indeed respondent concedes this portion of the issue, we cannot on the evidence find that in any of the years the failure to file the final return was due to reasonable cause. Petitioner must have known that the accountant could not be relied upon if he failed to prepare her 1945 estimate. She must have been guilty of indifference to the requirements of the law if she failed to get in touch with him for that purpose, or neglected to file any estimate that was prepared. In either event, her frame of mind indicates a lack of that respect for the legal requirements which would make it possible for us to determine that all of the omissions were due to reasonable cause. See *Rene R. Bouche*, 18 T.C. 144. The facts alluded to distinguish this from such situations as *Herbert Marshall*, 41 B.T.A. 1064, and *Estate of Frederick C. Kirchner*, 46 B.T.A. 578. On this issue respondent is sustained.

Decision will be entered under Rule 50.

Filed and entered May 14, 1957.

Served May 14, 1957.

Tax Court of the United States, Washington

Docket No. 54932

BABETTA SCHMIDT,

Petitioner,

vs.

COMMISSIONER OF INTERNAL REVENUE,

Respondent.

DECISION

Respondent having on July 31, 1957, filed a re-computation of tax for entry of decision in accordance with Findings of Fact and Opinion herein, filed May 14, 1957, and petitioner having concurred therein, now, therefore, it is

Ordered and Decided: That there are deficiencies in additions to tax under section 291 (a), Internal Revenue Code of 1939, for the calendar years 1945, 1946, 1947, and 1948, in the respective amounts of \$682.15, \$44.14, \$137.87 and \$125.15.

[Seal] /s/ CLARENCE V. OPPER,
Judge.

Served August 5, 1957.

Entered August 5, 1957.

[Title of Tax Court and Cause.]

ENTRY OF APPEARANCE

The undersigned, being duly admitted to practice before the Tax Court of the United States as Attorney herewith enters his appearance for the petitioner in the above-entitled proceeding.

/s/ ABRAHAM BERRY.

Received and filed August 14, 1957, T.C.U.S.

In the United States Court of Appeals
for the Ninth Circuit

T. C. Docket No. 54932

BABETTA SCHMIDT,

Petitioner,

vs.

COMMISSIONER OF INTERNAL REVENUE,

Respondent.

PETITION FOR REVIEW

To the Clerk of the Tax Court of the United States:

Pursuant to the provisions of Rule 29 of the Rules of the United States Court of Appeals for the Ninth Circuit, notice is hereby given that the petitioner above named petitions the United States Court of Appeals for the Ninth Circuit for review of that

certain order and decision of the Tax Court of the United States rendered and issued on the 2nd day of Aug., 1957, Tax Circuit Docket No. 54932.

I.

The petitioner, Babetta Schmidt, is an individual taxpayer, who resides in the city of San Francisco, California. All of the returns for the periods involved herein were filed with the Collector and/or Director of Internal Revenue for the First Collection District, San Francisco, California.

II.

Nature of the Controversy

The controversy involves the proper determination of the petitioner's liability for federal income taxes. The taxes in controversy are as follows:

1. Petitioner claims a credit of \$2,378.00 on income tax for the calendar year 1945, as a result of overpayment of the estimated tax for the year 1944. The Commissioner of Internal Revenue did not allow this credit.

2. The Commissioner of Internal Revenue asserted and collected the following penalties:

Calendar Year	Penalty
1945	\$257.40
1947	459.29
1948	180.88
1951	246.82

and in addition also asserted the following penalties:

Calendar Year	Penalty
1945	\$682.15
1946	44.14
1947	137.87
1948	125.15

Petitioner contends that her failure to file timely her returns for the years 1944-1949, inclusive, and 1951 was due to reasonable cause, and that she was not, therefore, subject to the above penalties under section 291 (a) of the Internal Revenue Code of 1939.

The Tax Court of the United States held that the credit of \$2,378.00 was not allowable on the 1945 income tax return, and that the petitioner's failure to file timely individual income tax returns was not due to reasonable cause, and, therefore, the penalties were properly asserted.

III.

The petitioner, being aggrieved by the decision of the Tax Court of the United States, desires to obtain a review thereof by the United States Court of Appeals for the Ninth Circuit.

/s/ ABRAHAM BERRY,
Counsel for Petitioner.

Duly verified.

Received and filed August 14, 1957.

[Title of Court of Appeals and Cause.]

NOTICE OF FILING PETITION
FOR REVIEW

To John Potts Barnes, Esq., Chief Counsel, Internal
Revenue Service, Washington, D. C.:

You are hereby notified that the petitioner on the 12th day of August, 1957, filed with the Clerk of the Tax Court of the United States at Washington, D. C., a petition for review by the United States Court of Appeals for the Ninth Circuit of the decision of the Tax Court of the United States heretofore rendered in the above-entitled cause. A copy of the petition for review as filed is hereto attached and served upon you.

Dated at San Francisco, California, this 12th day of August, 1957.

Respectfully,

/s/ ABRAHAM BERRY,
Counsel for Petitioner.

Proof of service attached.

Received and filed August 14, 1957.

[Title of Tax Court and Cause.]

CERTIFICATE

I, Ralph A. Starnes, Chief Deputy Clerk of the Tax Court of the United States, do hereby certify that the foregoing documents, 1 to 26, inclusive, constitute and are all of the original papers as called

for by the "Designation of Contents of Record on Review," including Petitioner's Exhibit 1, admitted in evidence, and Respondent's Exhibits A and B, admitted in evidence, on file in my office as the original and complete record in the case before the Tax Court of the United States docketed at the above number and in which the petitioner in the Tax Court has filed a petition for review as above numbered and entitled, together with a true copy of the docket entries in said Tax Court case as the same appear in the official docket book in my office.

In testimony whereof, I hereunto set my hand and affix the seal of the Tax Court of the United States, at Washington, in the District of Columbia, this 28th day of August, 1957.

[Seal] /s/ RALPH A. STARNES,
Chief Deputy Clerk, Tax
Court of the United States.

[Endorsed]: No. 15712. United States Court of Appeals for the Ninth Circuit. Babetta Schmidt, Petitioner, vs. Commissioner of Internal Revenue, Respondent. Transcript of the Record. Petition to Review a Decision of The Tax Court of the United States.

Filed: September 13, 1957.

Docketed: September 18, 1957.

/s/ PAUL P. O'BRIEN,
Clerk of the United States Court of Appeals for the
Ninth Circuit.

In the United States Court of Appeals
for the Ninth Circuit

Docket No. 15712

BABETTA SCHMIDT,

Appellant,

vs.

COMMISSIONER OF INTERNAL REVENUE,

Respondent.

STATEMENT OF POINTS

The points upon which the Appellant intends to rely on appeal are as follows:

1. The Tax Court of the United States erred in finding that the Appellant's failure to file timely income tax returns for the years 1945, 1946, 1947, 1948 and 1951 was not due to reasonable cause.

2. The Tax Court of the United States erred in finding that the Commissioner of Internal Revenue properly asserted and collected the penalties for the years 1945, 1947, 1948, and 1951.

3. The Tax Court of the United States erred in finding that the Commissioner of Internal Revenue properly asserted the penalties for the years 1945, 1946, 1947 and 1948.

4. The Tax Court of the United States erred in finding that the Appellant could not apply the overpayment of \$2,378.00 on the estimated income tax

for the year 1944 to the income tax for the year 1945.

5. The findings and conclusions as set forth in the Memorandum Findings of Fact and Opinion of the Tax Court of the United States pertaining to the foregoing are contrary to the evidence and not in accordance with law for the following reasons:

(a) The facts found, and upon which the Court's decision is based, and not supported by substantial evidence and are contrary to the testimony of witnesses showing that the Appellant had reasonable cause for not filing her income tax returns timely.

(b) The Court's decision is contrary to the facts found.

(c) The Court erred in failing to find facts undisputably established by the uncontradicted, unimpeached, and unimpaired testimony of the Appellant's witnesses and other evidence offered on behalf of the Appellant.

Dated September 19, 1957.

/s/ ABRAHAM BERRY,
Attorney for Appellant.

Proof of service attached.

[Endorsed]: Filed September 20, 1957, U.S.C.A.

No. 15,712

United States Court of Appeals
For the Ninth Circuit

BABETTA SCHMIDT, <i>Petitioner and Appellant,</i> vs. COMMISSIONER OF INTERNAL REVENUE, <i>Respondent and Appellee.</i>	}
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On Petition to Review a Decision of the
Tax Court of the United States.

BRIEF FOR APPELLANT.

ABRAHAM BERRY,
2408 Russ Building,
San Francisco 4, California,
Attorney for Appellant.

FILED

JAN 27 1938

PAUL P. O'DRISCOLL, CLERK



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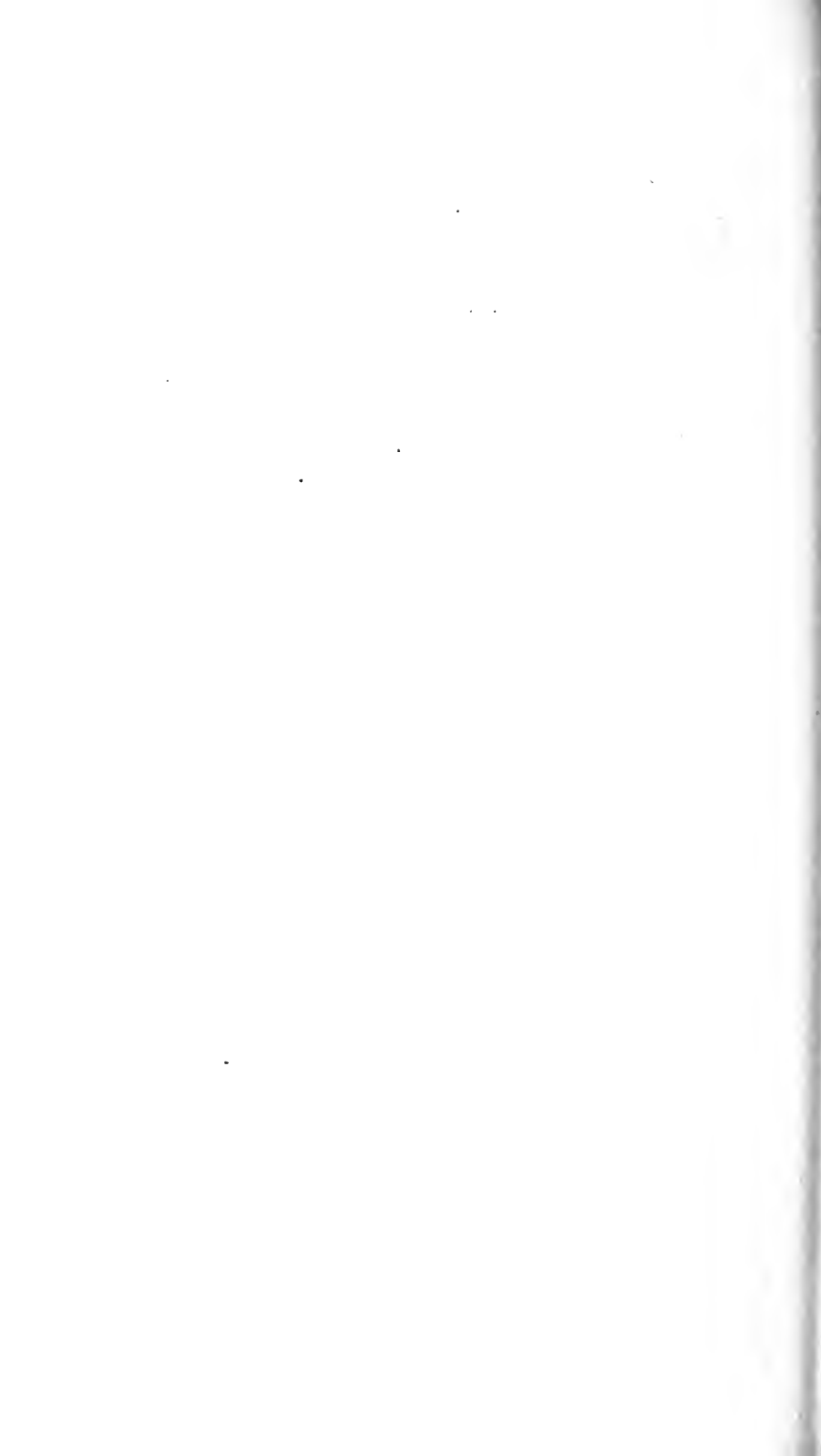
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No. 15,712

**United States Court of Appeals
For the Ninth Circuit**

BABETTA SCHMIDT, <i>Petitioner and Appellant,</i> VS. COMMISSIONER OF INTERNAL REVENUE, <i>Respondent and Appellee.</i>	}
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**On Petition to Review a Decision of the
Tax Court of the United States.**

BRIEF FOR APPELLANT.

OPINION BELOW.

The opinion of the Tax Court in cause No. 54932 is found in the transcript (R. 97) and is officially reported as 28 T.C. No. 38.

JURISDICTION.

Jurisdiction of this court is based upon a petition for review (R. 5) of a decision of the Tax Court of the United States entered on August 2, 1957 (R. 103) denying a credit of \$2,378.00, which was an overpayment on the 1944 estimated income tax, as against the 1945 income tax, and declaring that the Appellant's

failure to file timely individual income tax returns was not due to reasonable cause, so that penalties for the years 1945, 1946, 1947, 1948, and 1951 were properly asserted by the Commissioner of Internal Revenue. The Appellant's Federal Income Tax Returns were filed in the collector's office in San Francisco, California, and the Appellant resides in San Francisco, California, within the jurisdiction of the United States Court of Appeals for the Ninth Circuit. Jurisdiction of this court is invoked pursuant to U.S.C. Title 26, Sec. 7482 (a). The venue is established by U.S.C. Title 26, Sec. 7482 (b) (1).

QUESTIONS PRESENTED.

1. Should the Commissioner be allowed to retain the sum of \$2,378.00, which was an overpayment on the 1944 estimated income tax, and which he refused to apply as a credit to the 1945 income tax as requested by the Appellant.

2. Should the Commissioner be allowed to assert penalties on the income tax returns of the Appellant, when the failure to file timely individual income tax returns was due to reasonable cause.

STATUTES AND REGULATIONS INVOLVED.

The statutes involved in this case are Section 322 (b) (1) and (e) and Sec. 291 (A) of the Internal Revenue Code of 1939.

Sec. 322—Refund and Credits

(b) Limitation of Allowance

1. **Period of Limitation.**—Unless a claim for refund is filed by the taxpayer within three years from the time the return was filed by the taxpayer or within two years from the time the tax was paid, no credit or refund shall be allowed or made after the expiration of whichever of such periods expires the later. . . .

(e) Presumption as to Date of Payment

For purposes of this section, any amount paid as estimated tax for any taxable year shall be deemed to have been paid not earlier than the fifteenth day of the third month following the close of such taxable year.

Sec. 291. Failure to File Return

(A) In case of any failure to make and file return required by this chapter, within the time prescribed by law or prescribed by the Commissioner in pursuance of law, unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall be added to the tax: 5 per centum if the failure is for not more than thirty days with an additional 5 per centum for each additional thirty days or fraction thereof during which such failure continues, not exceeding 25 per centum in the aggregate. . . .

STATEMENT OF THE CASE.

There is a Stipulation of Facts herein (R. 27) and an Official Report of the Proceedings before The Tax

Court of the United States on August 29, 1956. The facts may be summarized as follows:

The Appellant, who is 83 years of age, is a resident of San Francisco, California, and files her Federal Income Tax Returns with the District Director of Internal Revenue at San Francisco, California. The Appellant's declaration of estimated income tax for the year 1944 estimated her tax liability at \$2,473.00, which she paid in four equal installments, the last payment being made on January 4, 1945.

Appellant's 1944 individual income tax return, Form 1040, filed on June 30, 1952, as stated in paragraph 3 of the Stipulation of Facts (R. 27) indicated no liability and requested that the overpayment of \$2,473.00 be credited on the 1945 estimated tax. No Form 1040-ES, Declaration of Estimated Tax was filed for the year 1945.

Appellant's 1945 individual income tax return, Form 1040, filed on June 30, 1952, as stated in paragraph 3 of the Stipulation of Facts showed the \$2,473.00 on line 7 (B) as a payment on a 1945 declaration of estimated tax. The tax liability shown on line 6 was then reduced by the \$2,473.00, leaving a balance of tax due on line 8.

The Commissioner has determined deficiencies for 1944 and 1945, and has applied a portion of the \$2,473.00 in payment of the deficiency for 1944, i.e., \$95.00. No part of the \$2,473.00 has been allowed in satisfaction of Appellant's tax liability for 1945 or any later year. (R. 29.)

In the Stipulation of Facts on file herein, it is stipulated by and between Appellant and Appellee that Appellant has made payments on her income tax liability for the year 1951 in the amount of \$7,475.43. (R. 28.)

At the time that the Appellant's 1944 income tax return was due, she was over the age of 70 years. Appellant had at that time been a widow for many years, and was and still is unfamiliar with business, except that she owned some houses that she rented. (R. 55.) Born in Germany, she had lived in the United States for almost 60 years. (R. 55.) At the trial she demonstrated that her ability to comprehend and communicate was uncertain and unlimited.

Appellant understood that she had an obligation to file income tax returns. (R. 56.) However, she herself did not understand how to do this or what she had to do to comply with this obligation. (R. 57.) Therefore, she had always found it necessary to have help in preparing and filing her returns. Prior to her husband's death, she had taken the information to the Internal Revenue Service for assistance. (R. 64.)

About 1932 (R. 85) she retained one Stephen Farrelly to do her income tax work, and she employed him thereafter continuously until 1953. (R. 53.) Mr. Farrelly held himself out to be a Tax Consultant, Auditor and Public Accountant, and continued to hold himself out as such up to the time he was discharged by Appellant in 1953. (R. 66.) His letter-heads have the statement "Public Accountant-Tax

Consultant'' as late as 1953. (Petitioner's Exhibit No. 1, R. 79.) Appellant had retained Mr. Farrelly because he had been recommended to her by her sons, who were businessmen and who also retained Mr. Farrelly to prepare their tax returns. (R. 58, 84.) Mr. Farrelly was employed by her sons in this capacity from 1930 to 1951. (R. 56.)

Each year the Appellant would telephone Mr. Farrelly about her income tax, and he came to her house to get the information. (R. 58.) This information was kept in an account book by the Appellant's daughter. (R. 58.) In this account book were adequately recorded the receipts and disbursements and the necessary information for the preparation of the income tax returns. (R. 88.) Mr. Farrelly took the information given to him by the Appellant, and later would return with papers for her to sign, and ask her for money for the government. (R. 62.) Appellant did not know what she was signing. (R. 62.) She did not know whether the form was an income tax return or a declaration of estimated tax. (R. 62.) She relied on Mr. Farrelly and always believed that she had filed all of the necessary papers and returns for the government. (R. 64.)

During the period in question, 1944 to 1952 inclusive, Form 1040-ES was filed for the years 1944, 1946, 1948, 1949, 1950, and 1951, and with each Form 1040-ES, Appellant made a tax payment to the Internal Revenue Service. (R. 27.) She paid Mr. Farrelly what he asked for the services he was employed to perform. (R. 61.) Such payment averaged about

\$200.00 per year. (R. 79.) Payments were made in each of the years 1944 to 1952, except for 1949, and in 1948 she made payments totalling \$300.00, which included a payment of \$100.00 on December 31, 1948. (R. 78.)

Income Tax returns, Form 1040, were not timely filed for the years 1944 to 1949, and 1951. Appellant did not know or discuss this until 1952, when Mr. Farrelly came to her home with the income tax returns for the years 1944 to 1951, inclusive, and asked her to sign them. (R. 85.) Her sons were present at the time, and they asked Mr. Farrelly why the income tax returns had not been filed before. Mr. Farrelly stated that he had been sick, and had just got busy and got them all ready and there they were. (R. 85.) At the same time, he presented a bill for \$500.00, which the sons refused to let the Appellant pay. (R. 85.) Mr. Farrelly told the Appellant and her sons at that time that there was nothing to worry about, and that all Appellant had to do was to pay what was due on the various income tax returns and everything would be all right. (R. 86.) Mr. Farrelly had obtained an extension of time for the year 1950 only. (R. 82.)

At the time of preparing these returns in 1952, Mr. Farrelly also prepared an affidavit which stated that the failure to file timely the returns for the years in question was not due to any fault of the Appellant, but was due wholly to the prolonged illness of her accountant. (Respondent's Exhibits A and B, R. 88, 89.) At the trial, Mr. Farrelly stated that he had

prepared this affidavit, that he was the accountant referred to, and that the statements contained in the affidavit were true of his own knowledge. (R. 91.) Mr. Farrelly stated that the income tax returns for the years in question were not prepared by him for the Appellant to sign until 1952. (R. 72.)

SPECIFICATION OF ERRORS.

Appellant relies upon the following errors of the court below:

1. The Tax Court erred in deciding that the Appellant's overpayment of 1944 estimated tax in the sum of \$2,378.00 could not be taken as a credit against the 1945 income tax.

2. The Tax Court erred in deciding that Appellant's failure to file timely income tax returns was not due to reasonable cause.

3. The Tax Court erred in failing to enter a decision that there were no penalties on income tax due from Appellant for the years 1945, 1946, 1947, 1948, and 1951.

ARGUMENT.

1. The facts established that the Appellant paid the government the sum of \$2,473.00 on her 1944 Declaration of Estimated Tax, and that aside from the \$95.00 allowed by the government in satisfaction of her 1944 liability, no part thereof has ever been refunded or credited to her, nor has she received any benefit therefor.

Under the circumstances, unless the Statute of Limitations bars a refund or credit, it would be manifestly unjust and inequitable to permit the government to retain the money and not give Appellant credit therefor.

Rittenbaum v. U.S., 109 Fed. Supp. 480.

(a) The Statute of Limitations does not bar the Appellant from the benefit of the credit claimed. Under the Internal Revenue Code of 1939, Sec. 322

(b) (1), the period for filing claims for refund or credit of income tax is:

(1) three years from the date the return was filed or

(2) two years from the time the tax was paid, whichever is the later.

Internal Revenue Code of 1939, Sec. 322 (b) (1).

The provisions of the law relating to limitations as contained in Chap. 66 of the 1954 Code apply only to taxes imposed by the 1954 Code, and the provisions of the 1939 Code relating to limitations continue to apply with respect to taxes imposed by the 1939 Code.

Thus the provisions of Section 322 of the 1939 Code apply to a claim for refund or credit of income tax for the calendar year 1944, whether such claim is filed before or after the date of enactment of the 1954 Code.

Mertens, Law of Federal Income Taxation,
1956 Cum. Supp. Sec. 58.02.

In this case, the Appellant's claim for credit was timely under either one or both of the aforesaid periods of limitation.

(1) Filing of the Return.

In this case, the 1944 Form 1040 was filed on June 30, 1952. (R. 27.) The return disclosed for 1944 an overpayment in the sum of \$2,473.00 and requested that the same be credited on the 1945 Estimated Tax. (R. 29.) On the same date, June 30, 1952, the Appellant filed her 1945 Form 1040, reflecting the \$2,473.00 as a payment on 1945 Declaration of Estimated Tax and reduced the tax liability shown on line 6 by said amount, leaving a balance of tax due on line 8. Appellant thus claimed credit for the amount of overpayment disclosed by the 1944 return. (R. 29.)

The filing of the 1945 return claiming the credit constituted a claim for refund or credit.

Rittenbaum v. U. S., supra;
Treasury Regulation 111, Sec. 29.322-3.

This claim for credit was timely under Sec. 322 (b) (1). It was within three years of the filing of the return for 1944.

(2) In any event the claim was timely because made within two years of the date of payment.

It is evident from the cases that not every transfer of money by a taxpayer to a Federal tax authority will constitute a "payment" within the meaning of Sec. 322 (b) (1).

A money transfer does not itself define the tax obligation. Some further act is necessary.

Dubuque Packing Co. v. U. S., 126 Fed. Supp. 796;

Rosenman v. U. S., 323 U.S. 658, 65 S. Ct. 536;

Thomas v. Mercantile Bank, 204 Fed. (2d) 943.

A money transfer to a Federal tax authority (regardless of the original reason for the transfer) should start the statute of limitations running only on the date the tax obligation becomes defined.

Dubuque Packing Co. v. U. S., *supra*;

Rosenman v. U. S., *supra*;

Thomas v. Mercantile Bank, *supra*.

The obligation becomes defined either by the filing of a return or an assessment by the Commissioner. Until the obligation is so defined, there is no "payment of tax" within the meaning of 322 (b) (1) which can commence the running of the Statute of Limitations.

Dubuque Packing Co. v. U. S., *supra*;

Rosenman v. U. S. *supra*;

Thomas v. Mercantile Bank, *supra*.

Thus, here there was no payment within the meaning of the Statute of Limitations, and it did not begin to run until the 1944 return was filed and the obligation thus defined. The 1945 return claiming the credit was filed on the same day, constituted a claim for credit and was therefore within the limitation period.

In *Garvin v. U. S.* (Ct. Cl. 1953) 111 F. Supp. 265, 43 A.F.T.R. 784, taxes were withheld from Garvin's earnings in 1945, 1946, and 1947. Garvin filed no return and no claim for refund until June 1, 1951. The Court held that the filing of the claim occurred at the time the return was filed, June 1, 1951, that three years prior thereto was June 1, 1948, that all tax payments were made in earlier years and that Section 322 (b) (2) prohibited payment of a refund.

In the opinion of the Court in *Dubuque Packing Co., supra*, the Court of Claims seems to stand alone on this issue, and fails to apply properly the rule of the Supreme Court in *Rosenman v. United States, supra*.

The Current Tax Payments Act of 1943 did not change this rule. Therefore, the rule applies to payments on estimated tax as well as other payments made before liability defined.

Dubuque Packing Co. v. U. S., supra;

Thomas v. Mercantile Bank, supra.

In the *Rosenman* case, *supra*, it is true that the money paid in advance of filing the return was placed by the Collector in a "suspense account". That this

was not a material factor, however, is demonstrated by the application of the same rule in absence of such factor in *Thomas v. Mercantile Bank*, and *Dubuque Packing Co.*, both cited *supra*.

In this case, the taxpayer's return for the year 1944 was filed, as stated above, on June 30, 1952. In view of the foregoing rules of law, it was on that date that the taxpayer's obligations for 1944 income tax became defined. Consequently, it was also on that date that payment of 1944 taxes was made so as to commence the running of the Statute of Limitations on any refund or credit due under the provisions of Sec. 322 (b) (1), cited above.

Sec. 322 (e) provides that any amount paid as estimated tax for any taxable year shall be deemed to have been paid *not earlier* (emphasis added) than the 15th day of the third month following the close of the taxable year. To apply this provision to the payment of the 1945 estimated tax, the payment would be deemed to have been paid not earlier than March 15, 1945.

This does not mean that the provision can be construed to mean that the tax shall be deemed to have been paid not later than March 15, 1945. Section 322 (e) is not in itself a limitation section, but provides an exception to the limitation section, by providing that in no case of estimated tax shall payment have been deemed to have been made earlier than the date specified. The section does not state that the payment shall be deemed to have been made on the 15th

day of the third month following the close of the taxable year.

Here, the taxpayer concededly overpaid her 1944 income taxes in the amount of \$2,473.00. She requested that such overpayment be applied as a credit on her 1945 estimated tax by so indicating on her 1944 return. Furthermore, the credit was properly claimed within the statutory period, as a prepayment credit on her 1945 return. Therefore, in view of such fact and the foregoing rules of law, the taxpayer properly claimed the 1944 overpayment of income tax within the statutory rules cited above.

(b) *The Tax Court had jurisdiction to determine the controversy on this claim for credit.*

Claim for credit for part payment of tax in the taxable year in controversy is within the jurisdiction of the Tax Court and is a factor in the redetermination of the asserted deficiency.

Ribbon Cliff Fruit Co. v. Commissioner, 12 BTA 13.

It is immaterial that the Tax Court may not have jurisdiction over the year 1944, because the year in question is 1945, and the issue is whether the Appellant correctly took a credit in computing the amount due for income taxes in 1945. Disallowance of this credit for the year 1945 resulted in a deficiency for 1945, because Appellant did in fact take the credit in computing her tax for that year.

In cases in which the taxpayer shows an amount of tax upon his return, but does not admit that that amount is due and collectible, it is the amount which

he admits to be due and not the amount which appears on the face of the return which is deemed to be the starting point in the computation of a deficiency.

Appeals of Moir et al., 3 BTA 21;

Maria Repetti v. U. S., 55-1 USTC 9396 (1955 CCH), (Dist. Ct. ND Calif.).

(Overruling Motion for Reconsideration of D.C.)

In *Maria Repetti v. U. S.*, 55-1 USTC 9396, 55-1 USTC 9351, the facts were substantially on all fours with those of this case. The plaintiff in that case had filed a declaration of estimated tax for the year 1945 and paid \$296.00 as the tax estimated for that year, but part of the \$296.00 was in fact an overpayment. In 1952 plaintiff filed returns for the year 1944 through 1949, inclusive. The returns for 1948 and 1949 indicated some tax liability, but plaintiff claimed as a credit against the liability the amount paid as an overpayment on the 1945 declaration of estimated tax. In spite of the contentions of the Commissioner that there was no deficiency from the Commissioner's disallowance of the credit, the Court held that there was a determination of deficiency from the disallowance of the credit, and the question of whether the credit was properly taken required the issuance of a notice of deficiency and was within the jurisdiction of the Tax Court. The Court accordingly issued an injunction against collection.

Repetti v. U. S., supra.

In the case here, the Commissioner erroneously computed the deficiency in a fashion similar to that

in the *Repetti* case. In his computation thereof, the Commissioner erroneously used the tax shown by the return as the starting point for the computation, rather than the amount which the taxpayer admitted to be due and collectible, which was the tax shown less the credit claimed, and which was the proper starting point.

Appeals of Moir, supra;
Repetti v. U. S., supra.

By this action, the Commissioner attempts to assert that the failure to allow this credit is no part of the computation of the deficiency and claims that the Tax Court has no jurisdiction. As in the *Repetti* case, this contention must fail here also.

2. At all times from 1932 to 1952, Appellant relied upon her accountant, Mr. Farrelly, to do what was necessary to discharge her responsibility to the government in the preparation and filing of income tax returns. She, herself, did not have the ability to do this, and she did the reasonable and proper thing under the circumstances, which was the hiring of an accountant. She supplied her accountant with the necessary information for the preparation of the returns and signed what he asked her to sign. .

Reliance on accountant to whom was made full disclosure of facts reflected on return was reasonable cause for failure to file personal holding company return.

Hatfried, Inc. v. Commissioner, 162 F. (2d)
628, 47-1 USTC 9294.

When a taxpayer selects a competent expert, supplies him with all necessary information and requests him to prepare proper tax returns, the taxpayer has done all that ordinary business care and prudence can reasonably dictate.

Haywood Lumber and Mining Co. v. Commissioner, 178 Fed. (2d) 769.

In this case, Appellant believed that she had selected a competent accountant; she supplied him with all necessary information, and requested him to prepare proper tax returns. Mr. Farrelly, the accountant, had been recommended by her sons, who were businessmen and much more experienced than she. Mr. Farrelly purported to be an expert tax consultant. No difficulty with his service was discovered until 1952. Her sons continued to employ the same accountant during all the time in question. There was nothing to put Appellant on her guard. It was eminently reasonable for Appellant, who was an old woman, inexperienced in business, and who had the recommendation and example of her experienced, businessmen sons to follow, to select Farrelly as her accountant.

The Second and Fifth Circuits hold as follows:

When a taxpayer selects a competent tax expert, supplies him with all necessary information, and requests him to prepare tax returns, the taxpayer has done all that ordinary business care and prudence can reasonably demand, and the penalty under Sec. 291 of the Code cannot be imposed. To receive the protection of this rule, the taxpayer must show that he

selected as an expert a person qualified to advise about matters, and that he supplied his advisor with all pertinent information.

Mertens, Law of Federal Income Taxation
(1948), Section 55.23.

Mr. Farrelly, the accountant, had been preparing income tax returns prior to 1930, the year in which he had been recommended to the Appellant's sons by a Mr. Webb. (R. 84.) In turn, the Appellant's sons recommended Mr. Farrelly to the Appellant, to prepare her income tax returns. There was no reason to doubt that Mr. Farrelly was a competent tax expert, and when Appellant supplied him with all necessary information and requested him to prepare proper tax returns, she had done all that ordinary business care and prudence could reasonably demand, and the penalty under Sec. 291 of the Code (1939) should not be imposed.

Mr. Farrelly, in 1930 and prior thereto, held himself out to be a Tax Consultant, Auditor and Public Accountant. (R. 65.) When the California Business and Professions Code was amended in 1937 to require a permit for the practice of public accountancy, Mr. Farrelly did not secure such a permit, but continued in the practice of public accountancy, nevertheless. It would be unreasonable to demand that Appellant require Mr. Farrelly to produce such a permit, or that the Appellant even know that such a permit was required.

The fact that Mr. Farrelly did the accounting work for her businessmen sons was sufficient reason for

this elderly woman to rely upon Mr. Farrelly. His duty was to prepare simple individual income tax returns and have the Appellant sign and file them. His defaults and omissions were not in the field of expert accounting or tax law; he merely failed to act at all. It was not because he lacked a permit or lacked the training of an accountant or tax consultant that the Appellant was charged with penalties.

Reasonable cause has been repeatedly defined by the cases and by the regulations to mean nothing more than "the exercise of ordinary business care and prudence." The standard of care is one personal to the taxpayer, and he is not held to a standard not his own.

Haywood Lumber & Mining Co. v. Commissioner, supra.

The test is whether or not the taxpayer used reasonable business care and prudence in the selection of a competent agent and in relying upon him. The Appellant's sons, who are responsible businessmen, employed Mr. Farrelly and recommended him to their mother. Mr. Farrelly did the work required of him by the sons for many years. The Appellant, without question, did use reasonable business care and prudence in the selection of a competent agent and in relying upon him.

It is well settled that the penalties imposed under the Revenue laws were designed to attach to the conduct of a taxpayer which is intentional, knowing or voluntary, as distinguished from accidental, as evidenced by the words "and not due to willful neglect."

It is also well settled that in the application of penalties all questions of doubt must be resolved in favor of those from whom the penalty is sought.

Hatfried, Inc. v. Commissioner, supra.

The facts of the case here can be characterized in the same way that the Court summed up the facts in *Ragsdale v. Paschal*, 118 F. Supp. 280.

“Under the uncontradicted and unimpeached evidence in this case, the taxpayer himself was not even at fault in the failure to file this return for 1944. It is true that the duty devolved upon him to file the return, but following the usual and ordinary course of such matters, he took action which ordinarily would have resulted in the return being properly filed. There was no intention on his part not to file the return, and the fact that it was not filed was wholly unintentional on his part. Aside from that he had nothing to gain by not filing it, as he had already filed a Declaration of Estimated Tax and paid the tax for 1944. This falls far short of being ‘wilful neglect.’ ”

The Court went on to hold that there was reasonable cause.

Appellant was not guilty of indifference to the requirements of the law, and her conduct shows a respect for those requirements. The Appellant was an elderly widow, who was not a businesswoman, but who owned some rental properties. The books on the rental properties were not kept by the Appellant, but by her daughter. (R. 64.)

Mr. Farrelly had prepared the income tax returns for the years 1944 to 1951, inclusive, just prior to his visit to the Appellant's home in 1952. He had just gotten around to getting the returns ready for the Appellant to sign. (R. 86.) Mr. Farrelly also prepared an affidavit for the Appellant to sign to be attached to her returns. (Respondent's Exhibits "A" and "B", R. 88, 89.) This affidavit, which he swore under oath on the witness stand was true, stated that the reason that the returns were not filed was not due to any fault of the Appellant, but was entirely due to his (Mr. Farrelly's) illness.

Mr. Farrelly failed in the duty that had been entrusted to him by the Appellant, and Appellant had no notice thereof and reasonably continued to rely on him. Her good faith is demonstrated by the fact that almost immediately after discovery of Mr. Farrelly's default, she engaged a new accountant, the returns were filed and all taxes indicated to be due were promptly paid.

In cases such as *Herbert Marshall*, 41 BTA 1064, where the individual question was simply one of preparing and filing an individual tax return, the taxpayer was held to have used reasonable care in relying upon his *booking agent* in New York who did not even purport to be an accountant or attorney and whom apparently the taxpayer had never even asked to prepare the return but merely took for granted he would do so.

In *Harry Kaufmann*, 13 TCM 348, the tax returns were prepared by the *daughter* of the local attorney,

who was also his secretary but the default was in the failure to file the return because she had mislaid it.

In these cases it was not material that the persons in question were not accountants or attorneys for no question of professional competence is involved.

It is respectfully submitted that under all the facts and circumstances of this case, it can be reasonably said that Appellant's failure to file timely her returns for the years in question was due to reasonable cause and not due to willful neglect. Appellant relies on the following cases, in none of which, it is submitted, are the facts as strongly in favor of the taxpayer as in the instant case.

Herbert Marshall, supra;

Harry Kaufmann, supra;

Lee Fields, 14 TCM 27;

Estate of Frederick C. Kirchner, 46 BTA 578;

Haywood Lumber and Mining Co., supra.

CONCLUSION.

It is submitted that the Tax Court's decision is erroneous in Cause No. 54932 and that the decision should be reversed. The Appellant should receive from the Appellee the sum of \$2,378.00, which was an overpayment on the 1944 estimated income tax, with interest from date of payment.

The Appellant should also receive from the Appellee the penalties paid for the years 1945, 1946, 1947, 1948 and 1951 in the total sum of \$2,102.99, with the

interest paid thereon by the Appellant, and with interest from date of payment.

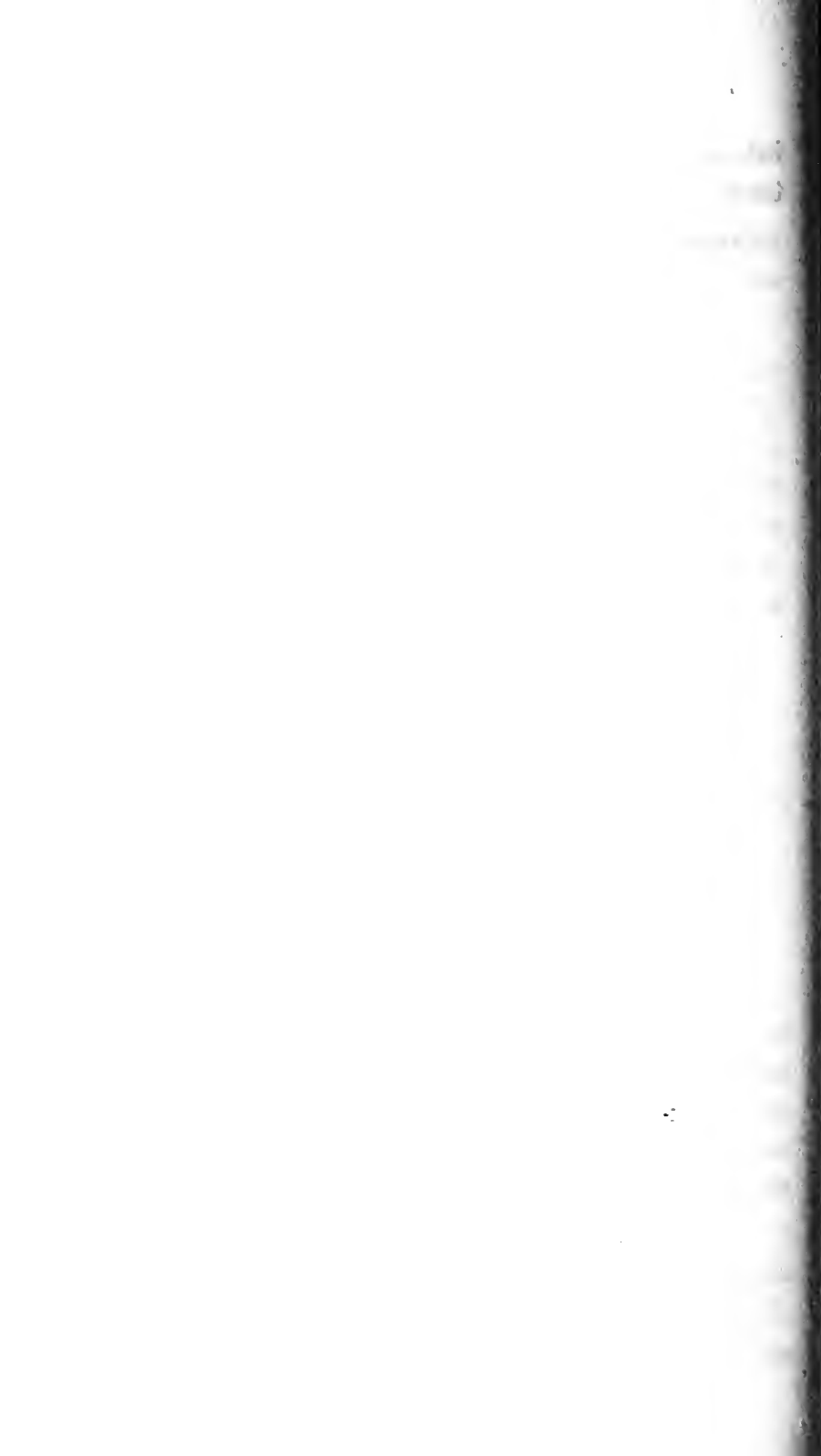
Dated, San Francisco, California,

January 22, 1958.

Respectfully submitted,

ABRAHAM BERRY,

Attorney for Appellant.



No. 15712

**In the United States Court of Appeals
for the Ninth Circuit**

BABETTA SCHMIDT, PETITIONER

v.

COMMISSIONER OF INTERNAL REVENUE, RESPONDENT

**On Petition for Review of the Decision of the
Tax Court of the United States**

BRIEF FOR THE RESPONDENT

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FILED

FEB 27 1958

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COMMISSIONER OF INTERNAL REVENUE, RESPONDENT

**On Petition for Review of the Decision of the
Tax Court of the United States**

BRIEF FOR THE RESPONDENT

OPINION BELOW

The opinion of the Tax Court is reported in 28 T.C. No. 38. (R. 93-102).

JURISDICTION

The petition for review (R. 104-106) involves federal income taxes for the taxable year 1945 and additions to tax for taxable years 1945, 1946, 1947, 1948 and 1951. On June 30, 1954, the Commissioner of Internal Revenue mailed to the taxpayer notice of deficiencies in the total amount of \$1,977.05 and additions to tax in the amount of \$989.31. (R. 5,

11.) Within 90 days thereafter and on September 27, 1954, the taxpayer filed a petition with the Tax Court for a redetermination of the deficiencies under the provisions of Section 272 of the Internal Revenue Code of 1939. (R. 3, 5-8, 33-36.) The decision of the Tax Court was entered on August 5, 1957. (R. 103.) The case is brought to this Court by a petition for review filed August 14, 1957. (R. 104-106.) Jurisdiction is conferred on this Court by Section 7482 of the Internal Revenue Code of 1954.

QUESTIONS PRESENTED

1. Whether the Tax Court correctly decided that it had no jurisdiction to determine whether taxpayer's alleged overpayment for 1944 should be applied against a deficiency owed for 1945, taxpayer having petitioned for review of Commissioner's deficiency determination for 1945 but not for 1944.

2. Whether the record warrants the Tax Court's determination that taxpayer's failure to file timely individual income tax returns for the years 1945 through 1948 and 1951 was not due to reasonable cause, and that therefore taxpayer is subject to the penalty prescribed in Section 291(a) of the Internal Revenue Code of 1939 for failure to file timely returns.

STATUTES INVOLVED

The pertinent provisions of the Statutes involved are set forth in the Appendix, *infra*.

STATEMENT

The facts as found by the Tax Court, based upon stipulation of facts between counsel and testimony introduced at the trial, can be summarized as follows (R. 94-97):

Taxpayer was born in Germany in 1874 and came to the United States prior to 1900. She has been a widow since 1939. Since that time she has received rents from certain property but has not engaged in any other business activity. (R. 94.) Although taxpayer did not have the ability to prepare income tax returns, she was well aware of her obligation to file returns. Prior to the death of her husband she received assistance from the local Internal Revenue Bureau office in preparing returns. About 1932 taxpayer retained a man who held himself out as an accountant for the purpose of preparing her tax returns. Taxpayer was advised by her sons to do so. The sons had employed the accountant from 1930 to 1951. Taxpayer employed the accountant from 1932 until 1952. (R. 95.)

The accountant was never certified nor licensed under the laws of the State of California. Nevertheless, he held himself out to be a tax consultant, auditor and public accountant through 1953. Since 1937 the State of California requires licensing of public accountants. (R. 95.) Taxpayer would call the accountant by telephone and request him to come to her house to prepare the income tax return. The income tax information was contained in an account

book and recorded therein by either taxpayer or her daughter. The account book adequately reflected receipts, disbursements and other information necessary to prepare income tax returns. In addition the accountant also requested oral information concerning certain matters. The accountant would take the information from the taxpayer and later return with the papers for her to sign. His fees averaged about \$200 per year for the income tax service rendered the taxpayer. The accountant prepared income tax returns for the taxpayer through 1943. He left the returns with her and she filed them within the prescribed time. In addition, for each of the years 1944, 1946 and 1948 through 1951 he prepared the forms relating to the declaration of estimated tax, which taxpayer signed and timely filed. Taxpayer made payments with each tax declaration that was filed. (R. 95-96.)

Taxpayer failed to file timely tax returns for 1944 through 1949 and 1951. Sometime in 1952 the accountant brought returns for taxable years 1944 through 1949 and also 1951 to her residence for signature. The reason offered for the delay in the preparation of the returns was the illness of the accountant. The accountant presented taxpayer with a \$500 invoice for services, which taxpayer refused to pay upon the advice of her son. The accountant assured taxpayer and her son that they need not worry if they paid the tax due on the returns. He obtained an extension of time for filing the return for 1950 only. (R. 96.) Attached to each return was an affidavit prepared for the taxpayer by the accountant which

stated that the delay in filing "was not due to any intent on my [taxpayer's] part to hinder, delay, defraud, evade, or avoid taxation, but was due to the prolonged illness of my accountant." (R. 96.)

On June 30, 1952, the taxpayer filed her delinquent income tax returns for 1944 through 1949 and 1951 with the Collector of Internal Revenue for the First District of California. Her 1950 return was timely filed on August 15, 1951, in accordance with an extension of time granted for that year only. The Commissioner determined deficiencies, and additions to tax for failure to file timely returns, for years for which delinquent returns were filed. (R. 96-97.)

The taxpayer's declaration of estimated tax for 1944 showed an estimated liability of \$2,473. She paid this amount in four equal quarterly payments, the last payment being January 4, 1945. The 1944 income tax return, delinquently filed on June 30, 1952, stated that taxpayer owed no taxes for that year and requested that the \$2,473 be applied against her 1945 estimated tax. She had never filed a declaration of estimated tax for 1945 and nobody acting in her behalf had done so. (R. 97.)

The 1945 income tax return, filed delinquently on June 30, 1952, showed the \$2,473 as a payment on 1945 declaration of estimated tax, thereby reducing the income tax liability for that particular year. The Commissioner has not allowed any part of the \$2,473 in satisfaction of taxpayer's income tax liability for 1945 or any year subsequent thereto. The Commissioner applied a portion of the \$2,473 to pay the con-

ceded deficiency determined for taxable year 1944. (R. 97.)

The Tax Court found that taxpayer's failure to file timely returns for the taxable years in question was not due to reasonable cause. (R. 97.)

SUMMARY OF ARGUMENT

1. Taxpayer claims that an alleged overpayment on her 1944 estimated tax should be applied against her 1945 tax liability. Taxpayer's income tax returns for both years were delinquentlly filed, and subsequent to receipt the Commissioner determined a deficiency for each year. Taxpayer having petitioned for review for only the year 1945, the Tax Court correctly held that it was without jurisdiction to consider an overpayment for a different year (1944) for which the taxpayer has not petitioned for review of the Commissioner's deficiency determination. Its decision is in accord with the applicable provisions of the Internal Revenue Code, and the controlling decisions.

2. The record fully supports the Tax Court's determination that taxpayer is subject to the penalty prescribed in Section 291(a) of the Internal Revenue Code of 1939 for delinquent filing of tax returns. Taxpayer claims she had "reasonable cause" for not filing timely returns, in that she relied upon her accountant. This presents a question of fact for the Tax Court, and the evidence clearly warrants its inference that taxpayer was well aware of her duty to file timely returns and did not rely upon her ac-

countant. Moreover, taxpayer has failed to establish that the person holding himself out as an accountant was a competent tax advisor, so as to justify reliance upon his advice.

ARGUMENT

I

The Tax Court Correctly Decided That It Was Without Jurisdiction To Consider Whether Taxpayer Overpaid Her 1944 Income Tax, Since Taxpayer Failed To Petition the Tax Court for Review of the Commissioner's Deficiency Determination for 1944 and Sought Review Only of the Deficiency Determination for 1945

Taxpayer filed a declaration of estimated tax for 1944 showing a tax liability of \$2,473 which she paid in four equal installments, the last payment dated January 4, 1945. Taxpayer failed to file an estimate for 1945. (R. 29.) Taxpayer also failed to timely file her income tax returns for 1944 and 1945. The 1944 and 1945 returns were delinquently filed on June 30, 1952, together with returns for other taxable years. (R. 27.) The Commissioner of Internal Revenue issued a deficiency determination for taxable years 1944 and 1945 together with two other years not in issue. (R. 11.) In her petition to the Tax Court, taxpayer only disputed the deficiency determinations for taxable year 1945 and another year not before this Court. (R. 5-8, 33-36.) The petition further requested that the alleged overpayment of estimated tax for 1944 be applied against the tax for 1945. (R. 35; Exs. A, B.) The Tax Court held, correctly we submit, that it lacked jurisdiction

to pass upon this question. (R. 97-100.)¹

The Tax Court is specifically limited as to its jurisdiction over disputes between a taxpayer and the Commissioner. Prior to obtaining jurisdiction there must be a notice of deficiency sent to the taxpayer by the Commissioner, and a petition filed within requisite time by the taxpayer to the Tax Court for a redetermination of the deficiency. Section 272(a)(1), Internal Revenue Code of 1939. (Appendix, *infra*.) A failure by the taxpayer to file a petition with the Tax Court deprives the latter of jurisdiction for that year and permits assessment. Section 272(c), Internal Revenue Code of 1939. (Appendix, *infra*.) When the Tax Court does not have jurisdiction to redetermine a deficiency of a particular year, it also is without jurisdiction to determine whether taxes have been overpaid in that particular year. This is stated most clearly in Section 272(g) of the 1939 Code thusly (Appendix, *infra*):²

(g) *Jurisdiction Over Other Taxable Years.*

—The Tax Court in redetermining a deficiency in respect of any taxable year shall consider such facts with relation to the taxes for other

¹ The Commissioner applied part of the alleged overpayment for 1944 as an offset against the conceded deficiency for *that* year. (R. 97.) In the event that this Court should disagree with the decision below, and hold that the amount may be offset against the 1945 deficiency, then the offset allowed against the 1944 tax must be expunged in order to prevent duplicatory credits for the same payment.

² Almost identical language appears in Section 6214(b) of the Internal Revenue Code of 1954. (26 U.S.C. 1952 ed., Supp. II, Sec. 6214.)

taxable years as may be necessary correctly to redetermine the amount of such deficiency, but in so doing shall have no jurisdiction to determine whether or not the tax for any other taxable year has been overpaid or underpaid.

The Tax Court's lack of jurisdiction to determine overpayments for years for which taxpayer fails to file a petition for review of the Commissioner's deficiency determination is a well established principle of law. *Commissioner v. Gooch Co.*, 320 U.S. 418; *Glowinski v. Commissioner*, 243 F. 2d 635 (C.A. D.C.); *Fisher v. Commissioner*, 149 F. 2d 540 (C.A. 7th); *Gillespie Trust v. Commissioner*, 21 T.C. 739; *John R. Thompson Co. v. Commissioner*, 10 B.T.A. 57; *Gress Manufacturing Co. v. Commissioner*, 3 B.T.A. 977. In the *Gooch* case, *supra*, the Court said (p. 420):

The Board is confined to a determination of the amount of deficiency or overpayment for the particular tax year as to which the Commissioner determines a deficiency and as to which the taxpayer seeks a review of the deficiency assessment.

Applying the aforementioned rules of law to the instant case it becomes obvious that the Tax Court was correct in declining jurisdiction to decide whether there had been an overpayment for a year in which taxpayer had failed to petition for redetermination of the deficiency. Although the Commissioner had issued deficiency notices for taxable years 1944 and 1945, taxpayer had petitioned the Tax Court to review only the latter year. (R. 5-18, 33-36.) Tax-

payer now wishes to offset an alleged overpayment in year 1944 against the deficiency determination of 1945. The specific provision of the Internal Revenue Code regarding this situation and the cases concerned with it positively deny jurisdiction to the Tax Court to determine an overpayment for a year in which the taxpayer has not petitioned for review of the Commissioner's deficiency determination.

Taxpayer mistakenly relied upon *Repetti v. Jamison*, 239 F. 2d 901 (C.A. 9th). This Court in affirming the lower court specifically stated (p. 902) that it was not expressing an opinion as to the jurisdiction of any other court or body. Indeed, the issue there was far removed from the issue here. The Director was there attempting (under Section 272 (f)) to assess and collect an asserted tax without first sending a deficiency notice and affording the taxpayer an opportunity for a Tax Court review, on the theory that crediting a prior year's overpayment of estimated tax against a current year's tax liability was a "mathematical error". The question of whether the Tax Court had jurisdiction to decide an overpayment for a year in which a deficiency notice had been issued, and with respect to which taxpayer had failed to dispute the Commissioner's determination, was not decided. The Court merely held that the Commissioner could not avoid the issuance of a deficiency notice by a direct assessment for the year then in question.

The Commissioner's position in the instant case is further buttressed by the clear language of related sections of the 1939 Internal Revenue Code.

Section 322(c) and (d) (Appendix, *infra*) provides for the effect to be given overpayments, credits, or refunds. It shows that overpayments can be determined by the Tax Court only for the year for which a deficiency was determined by the Commissioner and questioned by the taxpayer by a petition for review to the Tax Court.

Taxpayer's contention (Br. 9-14) that the statute of limitations for claiming refunds of tax overpayments (Internal Revenue Code of 1939, Section 322 (b)), and for instituting suit for refund (Section 3772(a)), had not run with respect to the claimed overpayment for 1944 is beside the issue. The question here is not whether a suit for refund was or could have been timely instituted against the District Director or the United States in a District Court or the Court of Claims,³ but whether the Tax Court had jurisdiction to determine and apply an overpayment for one year (1944) in a proceeding for redetermination of a deficiency for a different year (1945). The Tax Court correctly held that it lacked such jurisdiction. In any event, even assuming *arguendo* that this case turns on whether a refund claim and suit for 1944 are barred by the statute of limitations, there

³ Where recovery of an alleged overpayment of tax is sought, the procedure is to file a claim for refund in the office of the District Director where the return was filed (Section 322(b) of the Internal Revenue Code of 1939), and if the claim is disallowed or not acted upon suit for refund may be brought in the United States District Court or the Court of Claims (Section 3772(a) of the Internal Revenue Code of 1939; 28 U.S.C., Sections 1340, 1346, 1491).

is no basis for taxpayer's assumption that the statutory period had not run. Since no timely return for 1944 was filed by taxpayer, the statutory period for claiming a refund expired two years after the payment was made. Section 322(b)(1), (2) and (4), and 322(d). In this case the tax was paid in four installments, the last one being January 4, 1945. (R. 29.) Taxpayer's delinquent returns requesting the alleged overpayment to be credited to the 1945 tax were filed on June 30, 1952. (R. 29, 35.) This is far beyond the period of limitation.⁴

II

The Record Warrants the Tax Court's Determination That Taxpayer's Failure To File Timely Income Tax Returns Was Not Due To Reasonable Cause

The Commissioner determined that taxpayer was subject to additions to tax for taxable years 1945, 1946, 1947, 1948 and 1951 for failure to file timely returns. (R. 93-94.) The pertinent Code provision relating to this matter is Section 291(a) of the 1939

⁴ In *Garvin v. United States*, 111 F. Supp. 265 (C. Cls.), cited by taxpayer, the court held that a taxpayer who had earnings withheld for taxable years 1945, 1946, and 1947, and who had failed to file income tax returns or claims for refunds until June 1, 1951, was barred from recovery by the three-year statute of limitations. Taxpayer states that this case stands alone and cites three cases to support her position (*Rosenman v. United States*, 323 U.S. 658; *United States v. Dubuque Packing Co.*, 233 F. 2d 453 (C.A. 8th); *Thomas v. Mercantile Nat. Bank at Dallas*, 204 F. 2d 943 (C.A. 5th)), none of which is in point on the facts or issue here presented.

Internal Revenue Code (Appendix, *infra*) which imposes the penalty for failure to file a return on time unless the failure is "due to reasonable cause and not to wilful neglect." Whether the failure is due to "reasonable cause" presents a question of fact for the trial court, whose determination should not be disturbed unless clearly erroneous. *Commissioner v. Lane-Wells Co.*, 321 U.S. 219, 225; *Coates v. Commissioner*, 234 F. 2d 459 (C.A. 8th). The Tax Court found that taxpayer was subject to the penalty for failure to file timely income tax returns as determined by the Commissioner (R. 101-102), and we submit that its finding is amply supported by the record.

Taxpayer claims (Br. 16-22) that she relied completely upon her accountant to prepare and file the returns, and that the fault for the delinquent filing was attributable to him. The claim is without substance.

To begin with, as the Tax Court pointed out (R. 101-102), it was not in the least convinced that taxpayer relied upon her accountant. According to her own testimony, it was her practice to take the initiative in calling upon the accountant for the preparation of returns, and she offered no explanation whatever for her failure even to file a declaration of estimated tax for 1945 and 1947, although her accountant delivered the estimates to her. The Tax Court bases its conclusion in part upon its appraisal of the credibility of the witnesses, including taxpayer, and upon review due regard should be given to this

factor.⁵ The testimony offered at the trial definitely supports the Tax Court's conclusion that taxpayer did not actually rely upon her accountant. Taxpayer testified that she would telephone the accountant for the purpose of having him prepare her returns. (R. 61-62.) The accountant testified that he would always leave the returns with the taxpayer for her to file and pay. (R. 68-69.) He further testified, when called as a witness for the taxpayer, that he prepared and left the 1945 Declaration of Estimated Tax with the taxpayer for her to file. (R. 71.) As the court noted, the 1945 Declaration of Estimated Tax was never filed. (R. 101-102.)

The taxpayer had been filing returns for many years prior to the first year for which additions to tax have been imposed, and had been contacting the accountant to prepare the returns. (R. 66-71.) With her prior knowledge and awareness of the necessity for filing returns on time, taxpayer is hardly in a position now to claim she had a "reasonable cause" for the delinquent filing due to reliance upon the accountant. *J. K. McAlpine Land & D. Co. v. Commissioner*, 126 F. 2d 163 (C.A. 9th); *Lee v. Commissioner*, 227 F. 2d 181 (C.A. 5th), certiorari de-

⁵ *United States v. Gypsum Co.*, 333 U.S. 364, rehearing denied, 333 U.S. 869; *National Brass Works v. Commissioner*, 205 F. 2d 104 (C.A. 9th); *Ferrando v. United States*, 245 F. 2d 582 (C.A. 9th); *Staudt v. Commissioner*, 216 F. 2d 610 (C.A. 4th); *Hague Estate v. Commissioner*, 132 F. 2d 775 (C.A. 2d), certiorari denied, 318 U.S. 787; Rule 52(a), Federal Rules of Civil Procedure; Section 7482(a) of the Internal Revenue Code of 1954 (Appendix, *infra*) (formerly Section 1141(a) of the 1939 Code).

nied, 351 U.S. 982; *deBelaieff v. Commissioner*, decided December 12, 1956 (1956 P-H T.C. Memorandum Decisions, par. 56,273); *Fazio v. Commissioner*, decided December 9, 1953 (1953 P-H T.C. Memorandum Decisions, par. 53,397).

Furthermore, even assuming (contrary to the Tax Court's finding) that taxpayer did rely upon the accountant to file her returns, there is no evidence that her reliance was well placed, so as to qualify as "reasonable cause" for the failure to file on time. While the Tax Court deemed it unnecessary to express an opinion as to the qualifications of the accountant to render expert tax advice (R. 101), the record shows that they were not such as to justify reliance upon his advice. The accountant admittedly was neither a certified public accountant, nor even a licensed public accountant although California required the licensing of public accountants. (R. 65-66.) If a taxpayer is to escape the provisions of Section 291 by simply turning over all financial matters to his accountant, reliance must in any event be placed in a competent tax advisor. *Bouche v. Commissioner*, 18 T.C. 144; *Coates v. Commissioner*, 234 F. 2d 459 (C.A. 8th); *Potter v. Commissioner*, 27 T.C. 200; *Brown v. United States*, (S.D. Fla.), decided May 25, 1956 (1956 P-H, par. 72,703).

CONCLUSION

The decision of the Tax Court is correct and should be affirmed.

Respectfully submitted,

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Assistant Attorney General.

LEE A. JACKSON,
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Attorneys,
Department of Justice,
Washington 25, D. C.

FEBRUARY, 1958.

APPENDIX

Internal Revenue Code of 1939:

SEC. 272. PROCEDURE IN GENERAL.

(a) (1) [As amended by Sec. 168(a), Revenue Act of 1942, c. 619, 56 Stat. 798, and Sec. 203 (a), Act of December 29, 1945, c. 652, 59 Stat. 669] *Petition to Tax Court*.—If in the case of any taxpayer, the Commissioner determines that there is a deficiency in respect of the tax imposed by this chapter, the Commissioner is authorized to send notice of such deficiency to the taxpayer by registered mail. Within ninety days after such notice is mailed (not counting Saturday, Sunday, or a legal holiday in the District of Columbia as the ninetieth day), the taxpayer may file a petition with the Tax Court or a redetermination of the deficiency. No assessment of a deficiency in respect of the tax imposed by this chapter and no distraint or proceeding in court for its collection shall be made, begun, or prosecuted until such notice has been mailed to the taxpayer, nor until the expiration of such ninety-day period, nor, if a petition has been filed with the Tax Court, until the decision of the Tax Court has become final. Notwithstanding the provisions of section 3653(a) the making of such assessment or the beginning of such proceeding or distraint during the time such prohibition is in force may be enjoined by a proceeding in the proper court. In the case of a joint return filed by the husband and wife such notice of deficiency may be a single joint notice, except that if the Commissioner has been notified by either spouse that separate residences have been established, then, in lieu of the

single joint notice, duplicate originals of the joint notice must be sent by registered mail to each spouse at his last known address. If the notice is addressed to a person outside the States of the Union and the District of Columbia, the period specified in this paragraph shall be one hundred and fifty days in lieu of ninety days.

* * * *

(c) *Failure to File Petition.*—If the taxpayer does not file a petition with the Tax Court within the time prescribed in subsection (a) of this section, the deficiency, notice of which has been mailed to the taxpayer, shall be assessed, and shall be paid upon notice and demand from the collector.

* * * *

(g) *Jurisdiction Over Other Taxable Years.*—The Tax Court in redetermining a deficiency in respect of any taxable year shall consider such facts with relation to the taxes for other taxable years as may be necessary correctly to redetermine the amount of such deficiency, but in so doing shall have no jurisdiction to determine whether or not the tax for any other taxable year has been overpaid or underpaid.

* * * *

(26 U.S.C. 1952 ed., Sec. 272.)

SEC. 291. [As amended by Sec. 172(f)(4), Revenue Act of 1942, *supra*]. FAILURE TO FILE RETURN.

(a) In case of any failure to make and file return required by this chapter, within the time prescribed by law or prescribed by the Commissioner in pursuance of law, unless it is shown

that such failure is due to reasonable cause and not due to willful neglect, there shall be added to the tax: 5 per centum if the failure is for not more than thirty days with an additional 5 per centum for each additional thirty days or fraction thereof during which such failure continues, not exceeding 25 per centum in the aggregate. The amount so added to any tax shall be collected at the same time and in the same manner and as a part of the tax unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be collected in the same manner as the tax. The amount added to the tax under this section shall be in lieu of the 25 per centum addition to the tax provided in section 3612(d) (1) :

* * * *

(26 U.S.C. 1952 ed., Sec. 291.)

SEC. 322. REFUNDS AND CREDITS.

* * * *

(c) *Effect of Petition to Tax Court* of the United States.—If the Commissioner has mailed to the taxpayer a notice of deficiency under section 272(a) and if the taxpayer files a petition with the Tax Court within the time prescribed in such subsection, no credit or refund in respect of the tax for the taxable year in respect of which the Commissioner has determined the deficiency shall be allowed or made and no suit by the taxpayer for the recovery of any part of such tax shall be instituted in any court except—

(1) As to overpayments determined by a decision of the Tax Court which has become final; and

(2) As to any amount collected in excess of an amount computed in accordance with the decision of the Tax Court which has become final; and

(3) As to any amount collected after the period of limitation upon the beginning of distraint or a proceeding in court for collection has expired; but in any such claim for credit or refund or in any such suit for refund the decision of the Tax Court which has become final, as to whether such period has expired before the notice of deficiency was mailed, shall be conclusive.

(d) [As amended by Sec. 169(b), Revenue Act of 1942, *supra*; Sec. 14(d), Individual Income Tax Act of 1944, c. 210, 58 Stat. 231; and Sec. 5(c), Tax Adjustment Act of 1945, c. 340, 59 Stat. 517] *Overpayment Found by Tax Court*.—If the Tax Court finds that there is no deficiency and further finds that the taxpayer has made an overpayment of tax in respect of the taxable year in respect of which the Commissioner determined the deficiency, or finds that there is a deficiency but that the taxpayer has made an overpayment of tax in respect of such taxable year, the Tax Court shall have jurisdiction to determine the amount of such overpayment, and such amount shall, when the decision of the Tax Court has become final, be credited or refunded to the taxpayer. No such credit or refund shall be made of any portion of the tax unless the Tax Court determines as part of its decision (1) that such portion was paid (A) within two years before the filing of the claim, the mailing of the notice of deficiency, or the execution of an agreement by both the Commis-

sioner and the taxpayer pursuant to section 276(b) to extent beyond the time prescribed in section 275 the time within which the Commissioner might assess the tax, whichever is earliest, or (B) within three years before the filing of the claim, the mailing of the notice of deficiency, or the execution of the agreement, whichever is earliest, if the claim was filed, the notice of deficiency mailed, or the agreement executed within three years from the time the return was filed by the taxpayer, or (C) after the execution of such an agreement and before the expiration of the period within which the Commissioner might make an assessment pursuant to such agreement or any extension thereof, or (D) after the mailing of the notice of deficiency; or (2), if such portion was not paid within the period described in clause (1), but the notice of deficiency was mailed within seven years from the time prescribed for the filing of the return, or a claim described in subsection (b) (5) was filed, that such portion does not exceed the amount of the overpayment attributable to the deductibility of items described in subsection (b) (5); or (3), if such portion was not paid within the period described in clause (1), but the notice of deficiency was mailed within the period prescribed in subsection (b) (6) for the filing of a claim for credit or refund of an overpayment attributable to a carry-back, or such a claim was filed, that such portion does not exceed the amount of the overpayment attributable to a carry-back.

* * * *

Internal Revenue Code of 1954:

SEC. 7482. COURTS OF REVIEW.

(a) *Jurisdiction*.—The United States Courts of Appeals shall have exclusive jurisdiction to review the decisions of the Tax Court, except as provided in section 1254 of Title 28 of the United States Code, in the same manner and to the same extent as decisions of the district courts in civil actions tried without a jury; and the judgment of any such court shall be final, except that it shall be subject to review by the Supreme Court of the United States upon certiorari, in the manner provided in section 1254 of Title 28 of the United States Code

(26 U.S.C. 1952 ed., Supp. II, Sec. 7482.)

No. 15714

SEE ALSO Vol.

3080

United States
Court of Appeals
for the Ninth Circuit

TALON, INC.,

Appellant,

vs.

UNION SLIDE FASTENER, INC.,

Appellee.

UNION SLIDE FASTENER, INC.,

Appellant,

vs.

TALON, INC.,

Appellee.

Transcript of Record

In Five Volumes

VOLUME I.

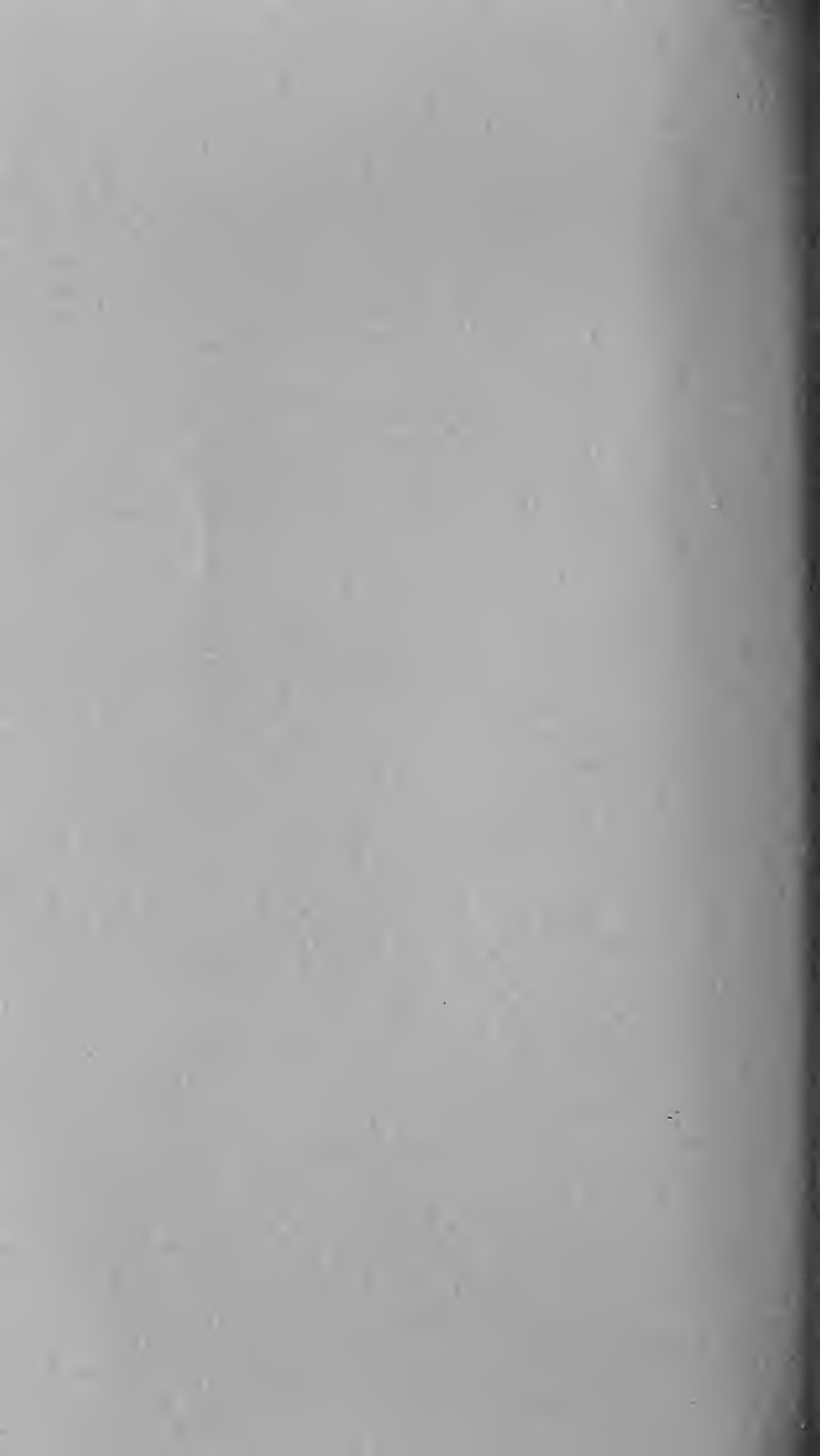
(Pages 1 to 400, inclusive)

Appeal from the United States District Court for the
Southern District of California,

FILED
Central Division

MAR 12 1958

PAUL P. O'BRIEN, CLERK



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•

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Los Angeles 17, California.

For Appellee:

ALLAN D. MOCKABEE,
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Los Angeles 14, California. [1]*

* Page numbers appearing at bottom of page of Original Transcript of Record.



In the United States District Court, Southern
District of California, Central Division

Civil Action No. 10450-W

TALON, INC., Plaintiff,

vs.

UNION SLIDE FASTENER, INC., Defendant.

COMPLAINT

[U. S. Patent Nos. 1,903,659—2,026,413—2,078,016—2,078,017—2,169,176—2,437,793]

Plaintiff, Talon, Inc., for its complaint against defendant, alleges as follows:

I.

Plaintiff, Talon, Inc., is a corporation duly organized and existing under and by virtue of the laws of the Commonwealth of Pennsylvania, having its principal place of business in the City of Meadville, County of Crawford, and Commonwealth of Pennsylvania. On or about October 9, 1937, plaintiff changed its name from Hookless Fastener Company to Talon, Inc. as approved and recorded with the Secretary of State of the Commonwealth [2] of Pennsylvania and as recorded in the United States Patent Office on December 2, 1937, Liber A-173, page 575.

II.

Defendant, Union Slide Fastener, Inc., is a corporation duly organized and existing under and by

virtue of the laws of the State of California and it has a place of business at 10731 Chandler Boulevard, North Hollywood, California.

III.

This is a Civil Action for infringement of Letters Patent. Jurisdiction is based upon the Patent Laws of the United States and also upon diversity of citizenship of the parties, the matter in controversy exceeding the sum of Three Thousand Dollars (\$3,000) exclusive of interest and costs.

IV.

That on or about April 11, 1933, United States Letters Patent No. 1,903,659 was duly and legally issued to plaintiff, then known as "Hookless Fastener Company," for an invention in "Machine and Method for Applying Fastener Elements" and plaintiff has been and still is the owner of said Letters Patent since prior to the acts of infringement herein complained of.

V.

That on or about December 31, 1935, United States Letters Patent No. 2,026,413 was duly and legally issued to plaintiff, then known as "Hookless Fastener Company", for an invention in "Method and Machine for Making Flexible Closures" and plaintiff has been and still is the owner of said Letters Patent since prior to the acts of infringement herein complained of.

VI.

That on or about April 20, 1937, United States Letters Patent No. 2,078,016 was duly and legally

issued to plaintiff, then known as "Hookless Fastener Company", for an invention in [3] "Machine for Forming Interlocking Members for Separable Fasteners" and plaintiff has been and still is the owner of said Letters Patent since prior to the acts of infringement herein complained of.

VII.

That on or about April 20, 1937, United States Letters Patent No. 2,078,017 was duly and legally issued to plaintiff, then known as "Hookless Fastener Company" for an invention in "Method for Making Separable Fasteners" and plaintiff has been and still is the owner of said Letters Patent since prior to the acts of infringement herein complained of.

VIII.

That on or about August 8, 1939, United States Letters Patent No. 2,169,176 was duly and legally issued to plaintiff, for an invention in "Method of Making Separable Fasteners" and plaintiff has been and still is the owner of said Letters Patent since prior to the acts of infringement herein complained of.

IX.

That on or about March 16, 1948, United States Letters Patent No. 2,437,793 was duly and legally issued to David Silberman for an invention in "Zipper Manufacturing Machinery", and that plaintiff is the owner of said Letters Patent by reason of assignment of said Letters Patent dated April

19, 1949, recorded in the United States Patent Office on April 23, 1949, Liber X-219, page 380.

X.

Plaintiff has given written notice to defendant of its infringement.

XI.

Defendant, Union Slide Fastener, Inc., has for a long time past and still is infringing each of the aforesaid Letters Patent by making or causing to be made, by using, and by selling [4] machines embodying or operating in accordance with an invention described and claimed in each of the aforesaid Letters Patent, within the jurisdiction of this court and elsewhere, and defendant, Union Slide Fastener, Inc., will continue to infringe said Letters Patent unless enjoined by this court.

Wherefore, plaintiff demands:

(a) A preliminary and final injunction against further infringement by defendant, or those controlled by said defendant;

(b) An accounting for damages and profits;

(c) That defendant account to plaintiff for general damages as due compensation for the unlicensed making, using and selling of machines and devices in infringement of the aforesaid Letters Patent;

(d) That said general damages be not less than a reasonable royalty;

(e) That an assessment be made against defendant for such costs, and interest as may be fixed by the court;

(f) That plaintiff be awarded reasonable attorneys' fee;

(g) For such other and further relief as the court may deem reasonable and just.

LYON & LYON,
/s/ CHARLES G. LYON
/s/ WM. C. McCOY,
/s/ RALPH E. MEECH,

[Endorsed]: Filed Oct. 17, 1949.

[Title of District Court and Cause.]

INTERROGATORIES PROPOUNDED TO DEFENDANT UNDER RULE 33 RCP AND ANSWERS THERETO

Comes now the plaintiff and propounds the following interrogatories pursuant to Rule 33 of the Federal Rules of Civil Procedure, to be answered by the defendant, by an officer or officers thereof, competent to testify in its behalf under oath:

1.

Is defendant operating at 1829 Blake Avenue, within the city of Los Angeles, California, machines for the production of stringers, i.e., lengths of tape having affixed thereto a plurality of zipper elements?

To Lyon & Lyon, Esq., attorneys for plaintiff, 811 West Seventh Street, Los Angeles 17, California:

The answer of the above named defendant, Union Slide Fastener, Inc. to the Interrogatories for its examination, served on it by the above named plaintiff, is as follows:

Yes.

2.

If the answer to Interrogatory 1 is in the affirmative, when were such machines first used by defendant?

June, 1947.

3.

If the answer to Interrogatory 1 is in the affirmative, attach to the answers to these interrogatories full and complete [6] drawings illustrating said machines and each separate part of element thereof.

We have no original drawings or blueprints of the machines. Various parts have been added or changed to affect better production, so that these machines are not now constructed as of date of filing of complaint.

4.

If the answer to Interrogatory 1 is in the affirmative, how many such machines is defendant operating and how long has each of these machines been in operation?

It is operating four machines. The first machines started in operation in October, 1947; the second machine started operation on or about December, 1947; the third machine started operation on or about May, 1948, and the fourth machine started operation on or about August, 1949.

5.

If the answer to Interrogatory 4 is more than one, do any of these machines differ from any of the others?

No.

6.

If the answer to Interrogatory 5 is in the affirmative, attach to the answers to these interrogatories full and complete drawings illustrating such differences in each of them.

No answer required.

7.

Is the defense of this suit being controlled by any person or corporation or group of persons or corporations other than defendant?

No.

8.

If the answer to Interrogatory 7 is in the affirmative, state who such person or persons, corporation or corporations are.

No answer required.

9.

If the answer to Interrogatory 7 is in the negative, are any persons or corporations other than defendant contributing to the defense of this suit either financially or otherwise?

No.

10.

If the answer to Interrogatory 9 is in the affirmative, state who such person or persons, corporation or corporations are.

No answer required.

11.

Identify by the name of the inventor the date of issue and number each and every letters patent to be relied upon by defendant as evidencing prior patents by others as alleged in paragraph XI(c) of defendant's answer. [7]

As per Schedule "A" annexed hereto.

12.

Give the name and residence of each of the persons alleged by defendant who have invented, used and known the invention of Letters Patent in suit No. 2,437,793 prior to the invention or discovery thereof by David Silberman, as set forth in paragraph XI(d) of defendant's answer, together with the locations where such uses took place in full compliance with RSUS 4920, 35 USC 69.

The first names of parties not now available. Last names are Flourette, Delaguella, Haverkorst and others. Their present addresses are not known yet to defendant. To the best of defendant's information and belief the uses referred to took place in and about New York City.

13.

Identify from the file wrapper of Letters Patent in suit No. 2,437,793 the material therein, giving page and line number which defendant will rely upon as supporting the allegation of paragraph XI(f) that the applicant for Letters Patent No. 2,437,793 in suit limited and defined his claims.

13. As per Schedule "B" annexed hereto.

14.

Identify each patent, if any, by the name of the inventor, the number of patent and the date of issue of patent which defendant will rely upon at the trial to substantiate its assertions in paragraphs XI(e) and XI(g) concerning the state of the art at or before the invention of Letters Patent in suit No. 2,437,793, and identify each other publication and prior use, if any, to be relied upon for that purpose.

Answer the same as Schedule "A" aforesaid.

15.

Identify by page and line number in the specification and by reference to the drawings of the Letters Patent in suit No. 2,437,793 the portions defendant will rely upon to support its allegation that the specification and claims are not in such full, clear, concise and exact terms as to enable any person skilled in the art or science to which it pertains or to which it is most nearly connected to make, compound or use the same or to determine what is the invention claimed by said letters patent.

Answer same as Schedule "C" annexed hereto.

In the following interrogatories where an interrogatory is separated into subparagraphs, please answer each paragraph separately and fully. [8]

16.

Has the defendant at any time since October 17,

1943 manufactured or used a machine for the production of zipper stringers, in which:

a. a wire or rod is fed intermittently to a punch and die to form recesses on one side and projections on the other side of the wire;

b. jaw members are formed in the end of the wire or rod;

c. jaws are thereafter closed on the tape; and

d. the element is thereafter severed from the wire or rod?

A. Yes.

B. Yes.

C. Yes.

D. No.

17.

If the answer to Interrogatory 16, either as to subparagraph a, b, c or d, is in the negative specify the manner in which defendant's machines fail to correspond with this description.

The severing does not take place after the jaws of the scoops are closed on the tape.

18.

If the answers to Interrogatory 16a, b and c are each in the affirmative and the answer to 16d is in the negative, do defendant's machines sever the elements from the wire or rod prior to closing the jaws of the elements on the tape?

No.

19.

If the answers to Interrogatory 16a, b and c are in the affirmative and the answer to 16d is in the

negative, do defendant's machines simultaneously sever the elements from the wire or rod and close the jaws of the elements in the tape?

Yes.

20.

Has the defendant at any time since October 17, 1943 manufactured or used a machine for the production of zipper stringers, in which:

a. the jaws of each zipper element are formed by removing from the wire the intervening material? [9]

Yes.

21.

In defendant's machines is it not a fact that the severing of a zipper element from the wire simultaneously removes material from the wire which material, prior to being removed, occupied the space intervening between the jaws of the next succeeding element?

There is no removal of any of the wire between the scoops in defendant's process.

22.

In defendant's machines is it not a fact that the jaws of each element are advanced into a position straddling the tape while still integral with the wire?

Yes.

23.

Has defendant at any time since October 17, 1943 manufactured or used a machine for the production of zipper stringers in which there is included:

a. means for feeding a tape into a predetermined position;

b. means for feeding a metallic member toward that position; and

c. means immediately at that position for performing all operations upon the fed member to form slide fastener elements from the fed member and to attach the elements to the tape directly from the fed member?

A. Yes.

B. No.

C. No.

24.

If the answer to any portion of Interrogatory 23 is in the negative specify the manner in which defendant's machines fail to correspond with this description.

Defendant does not perform all operations upon the fed member at the last position when said member is attached to the tape directly.

25.

Do defendant's machines include forming means for zipper elements which include:

a. a base;

b. a shaft carried by the base; [10]

c. a pair of eccentrics of small eccentricity spaced apart on the shaft;

d. a ram;

e. a pair of connecting rods carried by the eccentrics, the connecting rods extending substantially vertically from the eccentrics to each side of the

ram and having slight lateral movement during reciprocation by the eccentrics; and

f. cooperating means carried wholly by the ram and the base for forming and cutting elements from the member and attaching the elements to the tape?

A. Yes.

B. Yes.

C. Yes.

D. Yes.

E. Yes.

F. Yes.

26.

If the answer to any portion of Interrogatory 25 is in the negative specify the manner in which defendant's machines fail to correspond with this description.

No answer required.

27.

Do defendant's machines include a connecting rod extending from one of the eccentrics for driving the feeding means, which connecting rod extends substantially vertically from its eccentric?

No.

28.

If the answer to Interrogatory 27 is in the negative specify the manner in which defendant's machines fail to correspond with this description.

Defendant does not operate a metal feed from either of the eccentrics specified in interrogatory 25.

29.

Has the defendant at any time since October 17,

1943 manufactured or used a machine for the production of zipper stringers in which there is included:

- a. a base;
- b. a ram reciprocal towards and away from the base;
- c. means for feeding a substantially uniform metallic strip between the reciprocal ram and the base; [11]
- d. means for feeding a tape past the end of the feed strip;
- e. the ram and the base having complimentary means for forming and separating a slide fastener element from the strip;
- f. a pair of jaws on the base, the jaws being disposed on either side of the tape and being slidable towards each other for engaging and closing the element on the edge of the tape; and
- g. cams carried by the ram, the cams and the jaws having cam faces brought into direct engagement on downward movement of the ram to drive the jaws into engagement with the element to close it upon the edge of the tape?

- A. Yes.
- B. Yes.
- C. Yes.
- D. Yes.
- E. Yes.
- F. Yes.
- G. Yes.

is in the negative specify the manner in which defendant's machines fail to correspond with this description.

No answer required.

31.

Has the defendant at any time since October 17, 1943 manufactured or used a machine for the production of zipper stringers in which there is included:

- a. a ram;
- b. a base;
- c. means for effecting relative movement of the ram and the base;
- d. means removably carried by the ram and the base for forming slide fastener elements from stock fed past the ram and for attaching the elements to tape fed past the ram; and
- e. forming means, the ram and the base being formed to permit the forming means to be removed from the [12] association by movement transversely of the direction of said relative movement?

A. Yes.

B. Yes.

C. Yes.

D. Yes.

E. No. The question is slightly ambiguous.

32.

If the answer to any portion of Interrogatory 31 is in the negative specify the manner in which defendant's machines fail to correspond with this description.

No answer required.

33.

Produce and attach to the answer to these interrogatories a typical die block with assembled die and a typical punch as utilized in defendant's machines.

Defendant does not now possess any die block similar to the one used at the time of filing complaint.

34.

Has the defendant at any time since October 17, 1943 manufactured or used a machine for the production of zipper stringers which included:

- a. a ram;
- b. a base;
- c. means for effecting relative movement of the ram and the base;
- d. the ram having a recessed opening transversely of the direction of said relative movement and means removably positioned in the recess for forming slide fastener elements from stock fed past the ram; and

e. the forming means and the recess being formed to permit the assembly and separation of the forming means and the recess by movement of the forming means into and out of the recess transversely of the direction of said relative movement?

A. Yes.

B. Yes.

C. Yes.

D. Defendant does not feed stock past ram.

E. No. The question is slightly ambiguous.

35.

If the answer to any portion of Interrogatory 34 is in the negative specify the manner in which defendant's machines fail to correspond with this description. [13]

No answer required.

36.

When did defendant and/or its officer, Mr. Lipson, first learn of the existence of Letters Patent No. 2,437,793?

In June, 1948, while Mr. Lipson was in Europe and confirmed by Mr. David Silberman at Los Angeles in August, 1948.

Dated: November 17, 1950.

TALON, INC.,
/s/ By CHARLES G. LYON,
Attorney for Plaintiff. [14]

[Answers dated May 9, 1951. Signature: Union Slide Fastener, Inc., by Philip Lipson, President, Defendant.]

Acknowledgment of Service Attached. [15]

SCHEDULE "A"

Answer to Interrogatory 11

The following are the letters patent to be relied upon by defendant as evidencing prior patents by others as alleged in paragraph XI (c) of defendant's answer:

Inventor: Bartlett—Date of Issue: 1871—Patent:
119,555.

Spooner—December 4, 1883—289,577.

Cosper—July 22, 1890—432,726.

Boyer—June 21, 1892—477,402.

Pope—July 31, 1894—523,730.

Bosley—February 18, 1896—554,907.

Palmer et al.—September 7, 1897—589,570.

Sebastian—October 10, 1899—634,859.

Bartel—May 29, 1900—650,578.

Stimpson—July 1, 1902—703,747.

Havener—February 13, 1912—1,016,940.

Fulk—May 2, 1916—1,181,130.

Axcell—September 19, 1916—1,198,512.

Sundback—March 20, 1917—1,219,881.

Sundback—August 14, 1917—1,236,783.

Sundback—August 14, 1917—1,236,784.

Sundback—October 16, 1917—1,243,458.

Howell—January 14, 1919—1,291,524.

Bowers—November 25, 1919—1,322,525.

Sundback—February 24, 1920—1,331,884.

Sawyer—May 24, 1921—1,379,420.

House et al.—March 21, 1922—1,410,182.

Sundback—November 7, 1922—1,434,857.

Sundback—September 4, 1923—1,467,015.

Smith—April 14, 1925—1,533,352.

Schulest—November 3, 1925—1,560,328.

Glass—April 13, 1926—1,580,132. [37]

Barrundia—May 25, 1926—1,586,436.

Lorenz—October 19, 1926—1,604,056.

Meltzer—January 18, 1927—1,614,750.

Greenburg—May 17, 1927—1,629,268.

Draher et al.—September 13, 1927—1,642,411.
Keall—October 18, 1927—1,645,648.
Sundback—December 20, 1927—1,653,320.
Hommel—February 14, 1928—1,659,266.
Murphy—April 3, 1928—1,664,480.
Long—May 1, 1928—1,668,161.
Perrault—August 7, 1928—1,679,626.
Gallet—April 2, 1929—1,707,758.
Peirce—July 2, 1929—1,719,446.
Johnson—October 15, 1929—1,731,667.
Aronson—December 30, 1930—1,786,978.
Glass—April 7, 1931—1,799,615.
Johnson—June 2, 1931—1,808,041.
Sundback—June 16, 1931—1,810,377.
Poux—August 4, 1931—1,817,837.
Lamb—August 11, 1931—1,817,990.
Prentice—September 8, 1931—1,822,173.
Holmes—April 12, 1932—1,853,048.
Nodine—December 6, 1932—1,890,335.
Rutherford—December 13, 1932—1,890,471.
Poux—March 14, 1933—1,901,189.
Smith—April 11, 1933—1,903,659.
Prentice—November 21, 1933—1,935,727.
Leighton—December 12, 1933—1,938,915.
Sundback—February 20, 1934—1,947,956.
Glass—May 15, 1934—1,958,537.
Binns—December 31, 1935—2,026,413.
Gerlach—July 14, 1936—2,047,368. [38]
Poux—April 20, 1937—2,078,017.
Legat—October 26, 1937—2,097,099.
Prentice—May 10, 1938—2,116,712.
Legat—May 10, 1938—2,116,726.

Arentzen—February 28, 1939—2,148,673.
Kiessling—January 2, 1940—2,185,769.
Poux—August 8, 1939—2,169,176.
Wintritz—May 14, 1940—2,201,068.
Munschauer—July 29, 1941—2,251,153.
Carlson—September 9, 1941—2,255,377.
Novick et al.—October 14, 1941—2,259,320.
Behrens—December 30, 1941—2,267,783.
Miller—March 10, 1942—2,275,454.
Glassner—May 26, 1942—2,284,569.
Taberlet—August 25, 1942—2,294,253.
Wintritz—October 10, 1942—2,299,606.
Ulrich—November 17, 1942—2,302,075.
Ulrich—February 9, 1943—2,310,660.
Glasner—December 14, 1943—2,336,662.
Lewis—April 18, 1944—2,346,925.
Hermani—October 31, 1944—2,361,687.
Ulrich—February 27, 1945—2,370,380.
Jackson—October 16, 1945—2,387,027.
Poux—April 20, 1937—2,078,016.

and references cited in file history:

Hundhausen (Austria)—40,781.
Deiseldorff (Swiss)—December 31, 1933—166,227.
Gastrich (Ger.)—1912—254,038.
Winterhalter (Br.)—October 27, 1932—382,442.
Boyer (Great Britain)—May 17, 1940—521,328.
Kamper (Ger.)—1933—585,735. [39]
Wittenberg (Ger.)—December 2, 1933—589,070.
(French Patent)—October 30, 1928—653,037.
Amiet (French)—February 2, 1931—703,186.

SCHEDULE "B"

Answer to Interrogatory 13

Rewriting of Claims 15, 16 and 17 into Claims 63, 64 and 65, which became Claims 29 to 31 of the issued patent, by Amendment dated July 18, 1947, Paper No. 21 File History.

Cancellation of Claims 2, 46, 47, 48 and 49, by Amendment dated October 10, 1947, Paper No. 23 File History.

Cancellation of Claims 4 to 10 inclusive and 26 to 35 inclusive by Amendment dated November 20, 1947, Paper No. 25, File History.

Cancellation of Claims 71, 72, 78 and 79 by Amendment dated December 22, 1947, Paper No. 27, File History.

Amendment of Claims 73 and 74, as noted on patented claims 37 and 38, pursuant to Amendment dated November 20, 1947, Paper No. 25, File History. [41]

SCHEDULE "C"

Answer to Interrogatory 15

Page 1, Column 1, Line 42, Lines 48 and 49, Line 54.

Page 2, Column 2, Line 1, Line 5, Lines 12 and 13, Line 15.

Page 2, Column 3, Lines 24 to 41 inclusive.

Page 4, Column 8, Lines 43 to 47 inclusive.

Page 5, Column 10, Lines 52 to 68 inclusive.

Page 6, Column 11, Lines 8 to 11 inclusive.

Page 7, Column 14, Lines 16 and 17, Lines 23 and 24, Lines 43 to 45 inclusive.

Page 8, Column 15, Lines 11 to 14 inclusive; Column 16, Lines 10 to 18 inclusive. [42]

Acknowledgment of Service Attached. [43]

[Endorsed]: Interrogatories Filed Nov. 21, 1950.
Answers Filed May 10, 1951.

[Title of District Court and Cause.]

AMENDED ANSWER AND COUNTER CLAIM

Comes now the Defendant, Union Slide Fastener, Inc., and with regard to the Complaint filed herein alleges and denies as follows:

I.

Answering Paragraph I, Defendant is without knowledge as to any of the allegations therein set forth, and therefore denies the same and leaves the Plaintiff to its proof.

II.

Answering Paragraph II, Defendant admits it is a corporation organized under the laws of the State of California.

III.

Answering Paragraph III, Defendant admits that the jurisdiction is based upon the Patent Laws of the United States, but denies each and every other allegation thereof. [16]

IV.

Answering Paragraph IV, Defendant admits that United States Letters Patent No. 1,903,659 were

issued to one Hookless Fastener Company, but defendant is without knowledge as to any of the other allegations of this Paragraph and therefore denies the same and leaves the Plaintiff to its proof.

V.

Answering Paragraph V, Defendant admits that the United States Letters Patent No. 2,026,413, were issued to one Hookless Fastener Company, but defendant is without knowledge as to any of the other allegations of this Paragraph and therefore denies the same and leaves the Plaintiff to its proof.

VI.

Answering Paragraph VI, Defendant admits that the United States Letters Patent No. 2,078,016, were issued to one Hookless Fastener Company, but Defendant is without knowledge as to any of the other allegations of this Paragraph and therefore denies the same and leaves the Plaintiff to its proof.

VII.

Answering Paragraph VII, Defendant admits that the United States Letters Patent No. 2,078,017, were issued to one Hookless Fastener Company, but defendant is without knowledge as to any of the other allegations of this Paragraph and therefore denies the same and leaves the Plaintiff to its proof.

VIII.

Answering Paragraph VIII, Defendant admits that the United States Letters Patent No. 2,169,-

176, were issued to Plaintiff, but Defendant is without knowledge as to any of the other allegations of this Paragraph and therefore denies the same and leaves the Plaintiff to its proof.

IX.

Answering Paragraph IX, Defendant admits that the United [17] States Letters Patent No. 2,437,793, were issued to one David Silberman, but Defendant is without knowledge as to any of the other allegations of this Paragraph and therefore denies the same and leaves the Plaintiff to its proof.

X.

Denies the allegations contained in Paragraph X.

XI.

Answering Paragraph XI, Defendant denies each and every allegation thereof.

Further Answering Said Complaint Herein And For Separate, Alternate And Further Defenses:

(a) Defendant alleges that the pretended Letters Patent Nos. 2,437,793, 2,169,176, 2,078,017, 2,078,016, 2,026,413 and 1,903,659 were not granted by the Commissioner of Patents within the authority granted to him under due power of law. That said pretended Letters Patent No. 2,437,793, were irregularly granted without proper due consideration of the application for said pretended Letters Patent.

(b) That defendant has not infringed any of said Letters Patent or the claims thereof.

(c) That the patentees named in each of said Letters Patent, and particularly David Silberman, the patentee named in pretended Letters Patent No. 2,437,793, are not the original or first inventors of that which is alleged to be obtained in each of said pretended Letters Patent, or any material or substantial part thereof, but on the contrary, prior to the respective dates of the alleged invention or discovery disclosed or claimed in each of said Letters Patent, the alleged invention or discovery described and claimed in said pretended Letters Patent, and all material and substantial parts thereof, had been described or published or contained in each of the following Letters Patent, or the applications therefor, and have been published, described and contained in other printed [18] publications. The numbers and patentees of such Letters Patent, and the dates thereof, and the publications and dates and publishers thereof are not all available, and defendant prays leave to add the same by amendment to this Answer or otherwise.

(d) Defendant further alleges upon information and belief that prior to any supposed information or discovery by the patentees named in each of said Letters Patent, that which is alleged to be obtained by said pretended Letters Patent, and particularly that which is described and claimed therein, and the material and substantial parts thereof in the United States, had been invented,

sold and used by, or known to each of the persons whose names, places of residences and inventions are as follows:

1. Each and every patentee mentioned in the preceding paragraph resides at the places indicated in the respective patents and the places stated as the places of residences of the patentees.

2. And others whose names and addresses this Defendant has not yet learned and for which this Defendant is diligently searching and prays leave to add to this Answer.

(e) That in view of the state of the art at and before the respective alleged invention or inventions of each of the said pretended Letters Patent, or attempted to be defined in claims or any claims of each of said pretended Letters Patent, said claims or any of them cannot now be so interpreted as to bring within their purview as an infringement thereof any device manufactured, used or sold by this Defendant.

(f) That while each of the alleged applications for each of said pretended Letters Patent were pending in the United States Patent Office, the applicant therefor so limited and confined the claims of each of said applications under the requirements of the Commissioner of Patents, that Plaintiff cannot now seek for or obtain a construction for any claim of each of said pretended Letters Patent sufficiently broad to cover any device manufactured, used, [19] or sold by the Defendant.

(g) That Defendant further alleges that the alleged inventions of each of said pretended Letters Patent, in view of the state of the art as it existed at the date of each of the alleged inventions, do not involve invention of any patentable novelty but consist of the mere adaptation of well known methods, devices and compositions of matter for the required uses involving merely the skill expected of one in the art to which each of said pretended Letters Patent pertain.

(h) That Defendant further alleges that the description of each of the alleged inventions and the specifications and claims of each of the pretended Letters Patent are not in such full, clear, concise and exact terms as to enable any person skilled in the art or science to which each pertains or to which each is most clearly connected to make compound or use of the same, or to determine what invention is claimed by each of said Letters Patent.

(i) That as patent owner or licensor of a large number of U. S. Letters Patent, plaintiff has sought to intimidate, harass and discourage competitors, to block and impede the development by others of the manufacture of slide fasteners and the constituent parts of machines and methods used in making slide fasteners, and has imposed upon competitors licenses and agreements requiring that the licensee compel such licensee's customers to take licenses under the same licensed patents directly from the plaintiff in such manner that the plaintiff shall collect at least two royalties, upon the same licensed patent and shall also control competition.

(j) That the said David Silberman, the patentee named in U. S. Letters Patent 2,437,793, here in suit, visited Los Angeles in August of 1948, and there met certain representatives of defendant. That said Silberman admitted to such representatives that his said United States Letters Patent of said Silberman [20] would not hold water in court; but stated that he had extended rights or licenses under corresponding foreign patents of Great Britain and Europe to Imperial Chemical Industries, one of the largest chemical manufacturers in the world, which he was anxious to protect. Silberman thereupon agreed with defendant, for a due and valid consideration, to refrain from asserting any rights against defendant under his said United States Patent; and since that date, defendant has duly performed the terms and conditions of said agreement on Defendant's part. That, by reason of the foregoing facts, plaintiff is estopped to claim any infringement by Defendant of the said Silberman Patent, No. 2,437,793.

(k) That, continuously since 1946, Defendant and its predecessor has been and now is engaged in the manufacturing and selling of slide fasteners, which have been shipped into many states of the United States. That in April 1948, before Plaintiff had acquired title to the Silberman patent in suit, Grosvener S. McKee, Vice-President of Plaintiff, upon his own request, was granted permission by defendant to go through the plant of defendant by executives of defendant, and that, after carefully inspecting the chain production machines of

defendant, Mr. McKee stated to defendant's representative, in substance, that the machines and the methods employed therein did not infringe any Letters Patent then owned by plaintiff and that Plaintiff would not cause the defendant any trouble with respect thereto. That thereafter, plaintiff failed to assert any rights against defendant, until this suit was instituted in October of 1949. That, believing such statements by a vice-president of plaintiff, and in reliance thereon, defendant has expended large sums of money in the production of such machines and methods. That, by reason of the foregoing facts, plaintiff is estopped to assert infringement by defendant of any of the patents in suit, and is barred by laches and acquiescence from asserting the cause of action [21] alleged in the Complaint.

(1) That certain of the claims of Poux Patent Nos. 2,078,017 and 2,169,176, alleged herein by plaintiff to be infringed, were first inserted in the then pending Poux applications for the patents now alleged to be infringed by defendant more than two years after the public including this defendant had, through competitors in the slide fastener industry, and the granting of Letters Patent to others, acquired the right to the subject matter of such claims. [22]

COUNTERCLAIM

1. This counterclaim is filed and the jurisdiction of the Court is invoked to obtain relief pursuant to Section 4 of the Act of Congress of Octo-

ber 15, 1914. (15 U.S.C. Sec. 15) commonly known as the Clayton Act, for injuries resulting from violations, as hereinafter alleged, of Sections 1 and 2 of the Act of Congress of July 2, 1850 (15 U.S.C. Sec. 1, 2) commonly known as the Sherman Act, and of Section 3 of the Clayton Act (15 U.S.C. 14).

(A) This counterclaim relates to the manufacture, distribution and sale of slide fasteners, commonly known as zippers, production machines and methods of manufacture thereof.

(B) Constituent parts of the machine used in the trade in the making of such zippers include mechanisms effecting gap spacing or interruption of the closely spaced rows of fastener elements or members by interrupting the metal feed or "skipping" the tape.

2. For some time, in or about 1947, up to and including the date of filing of this counterclaim, plaintiff, (then Hookless Fastener Company), has been constantly engaged in a continuing combination and conspiracy to restrain and to monopolize, and to attempt to monopolize, trade and commerce among the several states of the United States and with foreign nations in slide fasteners, commonly called zippers, having acquired in the interim at least seventy-five (75) per cent of the United States market therefor, all in violation of Sections 1 and 2 of the Act of Congress of July 2, 1890 (15 U.S.C., Sections 1 and 2) commonly known as the Sherman Anti-Trust Act, with the effect of substantially lessening competition and tending to create a mo-

nopoly in the manufacture and sale of such slide fasteners in violation of Section 3 of the Act of Congress of October 15, 1914, (15 U.S.C. 14), commonly known as the Clayton Act. Most of such efforts are evidenced by written agreements which formed a part of such combination and conspiracy, and by acts of and acquisitions of property by plaintiff, including [23] Letters Patent of the United States, all designed to further such combination and conspiracy, to restrain and to monopolize and to attempt to monopolize trade and commerce among the several States of the United States and with foreign countries, and to lessen competition with plaintiff.

3. That the slide fastener and parts thereof manufactured by plaintiff are shipped by it across state lines in interstate commerce to manufacturers of goods in which such slide fasteners are incorporated, to distributors of slide fasteners, and to customers located in substantially every State of the United States.

4. Plaintiff and its predecessors, from the date of the incorporation of the latter, has concentrated its activities and resources on the development especially of slide fasteners, and during the decade starting with the first of January 1920, plaintiff or its predecessor claimed to have a monopoly of the United States Letters Patent covering the then only commercial slide fastener, and methods and machines for the manufacture thereof.

5. Thereafter, plaintiff or its predecessor ac-

quired a large number of patents relating to slide fasteners and parts thereof and methods of manufacture thereof and abused and misused its said patent holdings to prevent competition in commerce in the manufacture and sale of such slide fasteners, parts thereof, machines and methods.

6. That, as patent owner or licensor of a large number of U. S. Letters Patent, plaintiff has sought to intimidate, harass and discourage competitors, to block and impede the development by others of the manufacture of slide fasteners and the constituent parts of machines and methods used in making slide fasteners, and has imposed upon competitors licenses and agreements requiring that the licensee compel such licensee's customers to take licenses under the same licensed patents directly from the [24] plaintiff in such manner that the plaintiff shall collect at least two royalties upon the same licensed patent and shall also control competition.

7. That about April 1949, in accordance with its usual practice, plaintiff acquired United States Patent No. 2,437,793, essentially for the purpose of assisting it in the continuance of its monopoly and especially to sue defendant, a relatively small manufacturer of such slide fasteners, well knowing that the patent was invalid, and that David Silberman, the patentee, (the same David Silberman referred to by the Court by a relatively recent decision of the Federal Court decision of the Second Circuit in *Conmar v. Lamar and David Silberman*), was not the true inventor of the subject matter

disclosed and claimed in said patent, and that, upon information and belief, plaintiff is making no commercial use of any of the inventions covered by any of the claims of said Letters Patent.

8. That, upon information and belief, during the course of plaintiff's attempt to monopolize and monopolization, it has succeeded in controlling more than seventy-five per cent of the commercial sales of slide fasteners in the United States, and in restraining competition in commerce therein.

9. That plaintiff and its predecessors have never validated any of the patents enumerated in this suit, but, on the contrary, have brought many suits in various Federal Courts throughout the country under one or more of such patents with the sole intention of furthering its attempt to monopolize and monopolization by having the defendant recognize the validity of the patents sued upon and their infringement, whether or not such was true, and, in most instances, have settled such suits by requiring the defendant therein to accept a relatively limited quota of slide fasteners in the commercial market of the United States.

10. That plaintiff is continuing its attempt to monopolize [25] and monopolization essentially through Letters Patent of the United States, despite the fact that the patent art is now a relatively crowded one, and, that, in the present suit, plaintiff is unreasonably using and asserting claims under Letters Patent owned by it against this defendant who, under any reasonable interpretation

of such claims, does not infringe them, and that one or more of said suits have been brought by the plaintiff against a defendant or defendants for the manufacture of slide fasteners, which defendant or defendants were not even manufacturing the major parts of slide fasteners, such as "stringers" comprising tapes provided with rows of predetermined spaced interlocking elements.

11. That the acts of plaintiff, as hereinabove set forth in Paragraphs marked 2 to 10, inclusive, hereof are forbidden by Sections 1 and 2 of the Sherman Act above referred to, and said acts have injured defendant in its business by preventing and restricting the sale by defendant of its products, thereby injuring the defendant to the extent of Two Hundred Fifty Thousand (\$250,000.00) Dollars.

12. That the acts of plaintiff as hereinbefore set forth in paragraphs numbered 2 to 10, inclusive, hereof, are forbidden by Section 3 of the Clayton Act, above referred to, and said acts have injured defendant in its business by preventing and restricting the sale by defendant of its products, thereby injuring defendant to the extent of Two Hundred Fifty Thousand (\$250,000.00) Dollars.

Therefore, Defendant, Union Slide Fastener, Inc., counterclaiming prays:

(a) That plaintiff Talon be ordered to pay treble the amount of damages sustained by defendant by reason of the unlawful combination and conspir-

acy to restrain and monopolize trade herein described. [26]

(b) That the court allow the defendant, and order plaintiff to pay, the full cost of this suit, including reasonable attorneys' fees for the services of defendant's attorneys.

(c) That plaintiff and its officers, directors, agents, representatives and all persons and corporations acting or claiming to act on behalf of it be enjoined from committing the acts hereinabove complained of to the detriment of defendant's business, as hereinabove set forth.

(d) That defendant be granted such further and other relief as the Court shall deem just in the premises.

Dated, Los Angeles, California, this 16th day of April, 1951.

/s/ SOLOMON KLEINMAN,
Attorney for Defendant. [27]

Acknowledgment of Service Attached. [28]

[Endorsed]: Filed April 19, 1951.

[Title of District Court and Cause.]

REPLY TO COUNTERCLAIM

Comes now the Plaintiff through its attorneys and in reply to the Counterclaim herein alleges, avers and denies as follows:

I.

Answering Paragraph I of the Counterclaim,

Plaintiff admits that the jurisdiction of this court on this Counterclaim is revoked as alleged by Defendant. Answering Paragraph I (A) and I (B), Plaintiff admits the allegations contained therein. Further answering Paragraph I, Plaintiff denies each and every other allegation contained therein.

II.

Answering Paragraph II, Plaintiff denies each and every allegation contained therein.

III.

Answering Paragraph III of the Counterclaim, Plaintiff [29] admits the allegations contained therein.

IV.

Answering Paragraph IV of the Counterclaim, Plaintiff admits that substantially continuously since its date of incorporation it has engaged in the development of slide fasteners and methods of manufacture for making slide fasteners and parts thereof, but denies each and every other allegation contained therein.

V.

Answering Paragraph V of the Counterclaim, Plaintiff admits that since January, 1930, it has acquired a number of patents relating to slide fasteners and parts thereof and methods of manufacture thereof, but denies each and every other allegation contained therein.

VI.

Answering Paragraph VI of the Counterclaim,

Plaintiff denies each and every other allegation contained therein.

VII.

Answering Paragraph VII of the Counterclaim, Plaintiff admits that on April 19, 1949, it purchased United States Patent No. 2,437,793, granted to David Silberman, but denies each and every other allegation contained therein.

VIII.

Answering Paragraph VIII of said Counterclaim, Plaintiff denies each and every other allegation contained therein.

IX.

Answering Paragraph IX of said Counterclaim, Plaintiff denies each and every allegation contained therein. [30]

X.

Answering Paragraph X of said Counterclaim, Plaintiff denies each and every allegation contained therein.

XI.

Answering Paragraph XI of said Counterclaim, Plaintiff denies each and every allegation contained therein.

XII.

Answering Paragraph XII of said Counterclaim, Plaintiff denies each and every allegation contained therein.

XIII.

Further answering said Counterclaim as a further and separate complete defense thereto, Plain-

tiff alleges that said Counterclaim fails to state a claim upon which relief can be granted.

Wherefore, Plaintiff prays:

1.

That Defendant's Counterclaim herein be dismissed and the Defendant take nothing thereby;

2.

That Plaintiff recover from Defendant its cost and disbursements herein;

3.

That Plaintiff have such other and further relief as to the court may seem just, including a reasonable attorney's fee.

Dated at Los Angeles, California, this 4th day of May, 1951.

LYON & LYON,
/s/ CHARLES G. LYON,
Attorneys for Plaintiff. [31]

Affidavit of Service Attached. [32]

[Endorsed]: Filed May 5, 1951.

[Title of District Court and Cause.]

FURTHER INTERROGATORIES PRO-
POUNDED TO DEFENDANT UNDER
RULE 33 RCP AND ANSWERS THERETO

Comes now the plaintiff and propounds the following further interrogatories pursuant to Rule 33

of the Federal Rules of Civil Procedure, to be answered by the defendant, by an officer or officers thereof, competent to testify in its behalf under oath:

37.

During the six years next preceding October 17, 1949 (the date of filing of plaintiff's complaint herein) has defendant sold or offered for sale any machines for the production of stringers, i.e., lengths of tape having affixed thereto a plurality of zipper elements?

To Lyon & Lyon, Esq., attorneys for Plaintiff, 811 West Seventh Street, Los Angeles 17, California:

The answer of the above named Defendant, Union Slide Fastener, Inc., to the further interrogatories for its examination, served on it by the above named Plaintiff, is as follows:

(a) Yes. Similar in all consequential details to the machines stated by Mr. McKee in 1948 to be clear of infringement of patents owned by plaintiff as of that date.

38.

If the answer to Interrogatory 37 is in the affirmative, did any of such machines differ in any material respect [44] from the machines previously referred to in defendant's answer to Interrogatory 4?

(a) No. The machines were similar in all consequential details to those stated by Mr. McKee in 1948 to be clear of infringement of all patents then owned by plaintiff.

39.

If the answer to Interrogatory 38 is in the affirmative, state with full particularity the respects in which each such machine sold or offered for sale by defendant differed from those previously referred to in defendant's answer to Interrogatory 4.

(a) No. The machines were similar in all consequential details to those stated by Mr. McKee in 1948 to be clear of infringement of all patents then owned by plaintiff.

40.

Identify each patent upon which defendant will rely (in addition to those previously identified) to substantiate any of the allegations of paragraphs (a) to (h) inclusive of defendant's amended answer, giving the name of the inventor, the patent number, and the date of issue of each such patent.

(a) 2,437,793—Silberman.

2,444,706—S. Loew—July 6, 1948.

1,415,477—Puc—May 9, 1922.

See also Answer to Interrogatory No. 11.

41.

Identify each other publication upon which defendant will rely at the trial (in addition to those previously identified) to substantiate any of the allegations of paragraphs (a) to (h) inclusive of defendant's amended answer, giving for each the title of the publication, the date of publication, and the particular page or pages to be relied upon.

(a) Findings of fact and conclusions of law in the case of Conmar Products Corporation v. Lamar

Slide Fastener Corporation and David Silberman, Civil Action 9-197 Southern District of New York, dated December, 1942; certain documents to be supplied by plaintiff in answer to various of defendant's counter-interrogations (1-106); and such documents requested therein which are not supplied by Talon but to which defendant may nevertheless acquire access. Defendant in many instances knows, upon information and belief, of the existence of certain (or many) of the documents, not in Defendant's possession but available to plaintiff, and cannot specify the particular parts thereof to be relied upon before inspection which has been requested by certain of the aforesaid counter-interrogatories or interrogatories 1-106; documents in Civil Action #1276 in the U. S. District Court for the District of Delaware; Hydraulic Brake Company v. Thermoid Company, Bendix Aviation Corporation, Wagner Electric Corporation on Counterclaim; decision in Conmar v. Universal; copies of documents relating to cases upon which discovery has been asked by defendant from plaintiff in defendant's interrogatories 1-106.

42.

Identify each prior use, if any, upon which defendant will rely at the trial to substantiate any of the allegations of paragraphs (a) to (h) inclusive of defendant's amended answer, giving for each the date and place of such prior use; the character of the article, machine, method, or process used; the full name and address of each person

known by defendant to have firsthand knowledge of such prior use; and the particular allegation or allegations of said answer to which the prior use is believed to be pertinent.

(a) Can be answered only after defendant has had inspection of plaintiff's answers to certain of the defendant's interrogatories 1-106 providing the names, dates and places of prior uses, character of machines, and method or process used.

43.

With reference to paragraph (i) of defendant's amended [45] answer,

(a) Explain with full particularity the manner in which defendant believes plaintiff to have "sought to intimidate, harass, and discourage competitors"; and

(b) State the name and address of each competitor believed by defendant to have been so intimidated, harassed, or discouraged.

(a) By bringing suit against certain defendants such as Carney, before machines had been built or operated or products manufactured which were fairly covered by any of the claims allegedly relied upon, or by suing upon such patents as the patents here in suit, firms who purchased their chain from others and merely assembled components thereto such as Talon, Inc. v. Closurette Company of America, Civil Action 48-481 filed December 29, 1948, in U. S. District Court, Southern District of New York, either by reason of willful negligence in not determining the facts relating to the operations of

such defendants or knowingly and with fraudulent intent. By the events transpiring before, during and after a meeting held on or about September 30, 1949, at Talon, Inc.'s Los Angeles offices between Talon's employees, one Jaeger and one Detwiler and representatives of three competing companies (including defendant) in which plaintiff's representatives and agents Jaeger and Detwiler made certain threats to repeat a course of action which they stated had been followed by Talon in the East (of the U.S.A.) by the use of plaintiff's subsidiary Wilzip and its products, particulars of which are requested in defendant's Interrogatories 87 to 96.

(b) Joy Fastener Company, Franklin, Pennsylvania.

Syncro Slide Fastener Corporation, New York, N. Y.

Swan Fastener Corporation, Boston, Mass.

Max Lange and Slidelock Corporation, New York, N. Y.

Star Fastener, Inc., Brooklyn, N. Y.

Carney Fasteners, Inc., New York, N. Y.

44.

With further reference to paragraph (i) of defendant's amended answer,

(a) Explain with full particularity the manner in which defendant believes plaintiff to have sought "to block and impede the development by others of the manufacture of slide fasteners and the constituent parts of machines and methods used in making slide fasteners"; and

(b) State the name and address of each person, corporation, firm, or association believed by defendant to have been so blocked or impeded.

(a) By quota control in plaintiff's licenses; requiring sub licenses controlling building of machines by plaintiff's licensees, and by other inequitable trade agreements and practices which will be disclosed by answers to defendant's interrogatories 1 to 106.

(b) Those companies listed in answer to Interrogatory 43 and others who will be named in answers to defendant's interrogatories 1 to 106.

45.

With further reference to paragraph (i) of defendant's amended answer,

(a) Give the name and address of each "competitor" upon whom defendant believes that plaintiff has "imposed licenses and agreements" of the character described in said paragraph (i); and

(b) Give such particulars as are known to defendant regarding the date and subject matter of each such agreement.

(a) Names will be furnished from answers by plaintiff to defendant's interrogatories.

(b) Such particulars will be furnished from the complete answers by plaintiff to defendant's interrogatories.

46.

With reference to paragraph (j) of defendant's amended answer, give the name, address, and position in defendant's organization of each of the

“certain representatives” with whom said David Silberman met as alleged, and give the time and place of each such meeting. [46]

(a) Sigmund Loew, then President of defendant, present address unknown, and Philip Lipson, now President of defendant, 1829 Blake Avenue, Los Angeles, California, at Hollywood Roosevelt Hotel during the month of August, 1948.

47.

With further reference to paragraph (j) of defendant's amended answer,

(a) State whether the alleged agreement between David Silberman and defendant was oral or written;

(b) If said alleged agreement was written, attach to the answers to these interrogatories a copy of said agreement, or state where such agreement may be inspected and copied; and

(c) If said alleged agreement was oral, state the substance of said agreement, give the name, address if known, and connection with the defendant if any, of each person present when the agreement was made.

(a) Oral.

(b) Agreement was not in writing.

(c) The persons present were those named in answer to Interrogatory 46 and David Silberman and a gentleman who appeared to be associated with him. The substance of the agreement was that Union would refrain from interference with the operations of David Silberman in selling and/or

licensing chain machines outside the territorial limits of the United States and that the aforesaid Silberman would refrain from involving Union in any litigation concerning the Silberman patent No. 2,437,793 which Silberman stated would not "hold water in court", but which Silberman claimed would enable him to sue for alleged conspiracy to interfere with business being done by Silberman in foreign countries.

48.

With reference to paragraph (1) of defendant's amended answer,

(a) Identify each patent granted "to others" upon which defendant will rely at the trial to substantiate the allegation that defendant "acquired the right to the subject matter" of "certain of the claims of Poux Patent Nos. 2,087,017 and 2,169,176", giving the name of the inventor, the patent number, and the date of issue of the patent in each instance;

(b) State how defendant acquired any rights "through * * * the granting of (such) Letters Patent to others" and the exact nature of any such rights;

(c) Attach to the answers to these interrogatories a copy of each document upon which defendant will rely at the trial to substantiate the alleged acquisition of such rights, or state where each such document may be inspected and copied; and

(d) Specify, by number, the particular claims of

each of said Poux patents referred to by defendant as "certain of the claims". [47]

(a) Sundback U. S. Patent No. 1,331,884 of February 24, 1920 and Puc U. S. Patent No. 1,415,477 of May 9, 1922.

(b) 1,331,884 Sundback discloses metal strip feeding means, commonly driven with scoop severing and forming punches, and tape feeding and clinching means by which scoops or elements formed from "continuous" metal strip are formed and severed from the strips and clinched in predetermined spaced relation which became public property upon expiration of the Sundback Patent 1,331,884. Plaintiff's interpretation of claims of Poux's Patents 2,087,017 and 2,169,176 sufficiently broadly to read upon defendant's machines, methods and products, renders such claims vulnerable to anticipation by the expired Sundback Patent 1,331,884.

(c) Copies of the aforesaid patents may be ordered and obtained from The Commissioner of Patents, Washington 25, D. C. at a cost of \$0.25 each.

(d) Poux 2,078,017.

When claims 1, 2 and 3 are so broadly interpreted by plaintiff as reasonably to be claimed to be infringed by defendant, leaving the scoop or element jaw portions "integral with" rather than "connected to" the "rod" or "strip" or portions thereof (as in Sundback 1,331,884) the distinction is immaterial and the claims are anticipated by Sundback. When the claims are so interpreted, the only distinction over claims 1, 2 and 3 of Poux

2,078,017 of claim 4 of Poux is the tape feeding steps occurring between scoop leg clinching operations; but this step is old in Sundback 1,331,884. Claims 6, 8, 16 and 17, also, are fully anticipated by Sundback 1,331,884.

Defendant uses no "rod" in his capital method and if plaintiff ignores the distinction between "rod" and "strip" which has apparently been done, then obviously in the Poux claims, the term "integral" can properly be interpreted broad enough to include or comprehend "attached" and "unit" and the terms "sever" can properly be interpreted broad enough to include "separate". The Poux claims 1 to 4 and other claims are fully anticipated by Sundback 1,331,884. Leaving the formed jaw portions integral with the "rod" instead of "separate" by feed between "rod" or "strip" side portions of Sundback involves no invention when claims 1, 2 and 3 are so broadly construed as to read upon defendant's method for the feeding of the tape between scoop jaw clinching operations, the only apparent novel feature in claim 4 of Poux over claims 1, 2 and 3 of Poux. Claims 6, 8, 16 and 17 of Poux 2,078,017 are fully met in Sundback 1,331,884 under such broad interpretation.

Defendant uses no "rod" in the true sense, but to ignore this limitation, then claims 1 to 4 are also fully anticipated in Sundback where the word "integral" is given the above broad interpretation to include "attached", and where "sever" is considered broadly enough to include "separate". It is

to be noted, here, that defendant at no time spreads the jaws of his scoops since they are formed spread and thereafter clinched. Regarding claim 16 of Poux, the form scoops of Sundback 1,331,884 are "connected end to end" between confining strip portions by which they are fed.

Poux 2,169,176.

Since "severing" can be construed broadly enough to include "separate" (see discussion of Poux 2,078,017 above) then claims 3, 5, 6 and 7 of Poux 2,169,176 are anticipated by Sundback 1,331,884 since the word "unit" (claims 3, 6 and 7) for instance, is met by the scoops of Sundback 1,331,884 since they need not be integral.

49.

With further reference to paragraph (1) of defendant's amended answer,

(a) Give the name and address of each of the "competitors in the slide fastener industry" through whom defendant claims to have "acquired the right to the subject matter" of "certain of the claims of Poux Patent Nos. 2,087,017 and 2,169,176";

(b) State how such rights were alleged to have been acquired in each instance; and

(c) Attach to the answers to these interrogatories a copy of each document, upon which defendant will rely at the trial to substantiate the alleged acquisition of such rights, or state where each such document may be inspected and copied.

(a) It is a question of law whether defendant

has acquired rights to the subject matter of the patents referred to.

(b) Laches and Public Domain and repeated misuse of plaintiff's patents.

(c) Such documents will be disclosed in the complete answers to defendant's Interrogatories 1 to 106 by plaintiff.

50.

With separate reference to each machine for the production of stringers that was either used or sold by defendant, as inquired about in Interrogatories 1 and 37,

(a) Was the machine made by defendant or was it acquired from another party?

(b) Does defendant claim that the machine was or is licensed under any of the patents in suit?

(c) If the answer to Interrogatory 50 (b) is in the affirmative, attach to the answers to these interrogatories a copy of each such license or state where each such license may be inspected and copied; or if any such license was oral, give the date of, the names of the parties to, and a statement of the substance of the license, and the number of each patent in suit under which rights are alleged by virtue of the license.

(a) All of the essential mechanisms were made and assembled by defendant.

(b) No, except under oral license from David Silberman referred to in answer No. 46, and except that Laches, Public Domain and Misuse of Patents confers a License.

(c) See answer to Interrogatory No. 46.

Dated: July 25, 1951.

TALON, INC.,
/s/ By CHARLES G. LYON,
Attorney for Plaintiff. [48]

Affidavit of Service Attached. [49]

[Answers dated March 3, 1952. Signed Union Slide Fastener, Inc. By Philip Lipson, Defendant.]

[Endorsed]: Further Interrogatories Filed July 26, 1951. Answers Filed March 3, 1952.

[Title of District Court and Cause.]

INTERROGATORIES PROPOUNDED TO
PLAINTIFF UNDER RULE 33 FRCP
AND ANSWERS THERETO

Union Slide Fastener, Inc., the defendant herein, propounds to the plaintiff, Talon, Inc. the following interrogatories to be answered within fifteen days from the date of service hereto pursuant to Rule 33 of the Federal Rules of Civil Procedure.

To the Defendant Union Slide Fastener, Inc., and to its attorneys, Fulwider & Mattingly, Robert W. Fulwider, Esq., and Solomon Kleinman, Esq.:

Plaintiff's answers to the interrogatories propounded by Defendant and served March 18, 1952 are as follows:

1.

Interrogatory No. 1: "Was any agreement, oral or written, express or implied, entered into by and between the plaintiff herein, and David Silberman, the patentee of United States Letters Patent No. 2,437,793 prior to, or about the time said Letters Patent was assigned by said David Silberman to the plaintiff by assignment dated April 19, 1949 and recorded in the United States Patent Office on April 23, 1949 in Liber X-219, Page 380?" [92]

Answer: Yes.

2.

Interrogatory No. 2: "If the answer to the preceding question is in the affirmative, state the date and terms of any such agreement, in detail."

Answer: Copies of agreements are appended marked Exhibit 1. Later agreement supersedes former agreements.

3.

Interrogatory No. 3: "Was the action herein instituted by plaintiff at the request of said David Silberman?"

Answer: No.

4.

Interrogatory No. 4: "Was the action herein instituted by plaintiff in accordance with the provisions of any agreement oral or written; express or implied at any time made between said David Silberman and the plaintiff?"

Answer: No.

4(a)

Interrogatory No. 4(a): "If your answer is in

the affirmative, was the action started pursuant to the agreement referred to in interrogatory No. 1?"

Answer: No answer required.

5.

Interrogatory No. 5: "Was the plaintiff informed at any time by said David [93] Silberman, of any conversation between the said Silberman and defendant or a representative or representatives of defendant or defendant's predecessor, relating to United States Letters Patent No. 2,437,793?"

Answer: No.

6.

Interrogatory No. 6: "If the answer to the preceding question is in the affirmative, set forth in detail the information so conveyed by said Silberman to the plaintiff."

Answer: No answer required.

7.

Interrogatory No. 7: "Was plaintiff at any time prior to the institution of this action informed by anyone that said David Silberman had threatened to sue one Sigmund Loew and/or Union Slide Fastener, Inc. under said United States Letters Patent No. 2,437,793 prior to the assignment of said Letters Patent by said Silberman to plaintiff?"

Answer: Prior to the institution of this action, plaintiff had been informed by David Silberman that he was considering suing Union Slide Fastener, Inc. for infringement of U. S. Letters Patent No. 2,437,793, but plaintiff had no knowledge of

any actual threat of suit having been made to either Sigmund Loew and/or Union Slide Fastener, Inc.

8.

Interrogatory No. 8: "If the answer to the preceding question is in the affirmative, please give the name and address of the person who gave such information to plaintiff and the date and place where such [94] information was given to plaintiff."

Answer: No answer required.

9.

Interrogatory No. 9(a) and (b): "Was the plaintiff informed at any time prior to April 19, 1949, that said David Silberman, the patentee of United States Letters Patent No. 2,437,793 had admitted that said United States Letters Patent

(a) would not stand up in Court

(b) that suit under said Letters Patent would be instituted by said Silberman in order to protect rights or licenses held by Silberman under foreign patents corresponding to United States Letters Patent No. 2,437,793?"

Answer: No. However, plaintiff was informed by David Silberman that he had granted rights under or had sold patents held by him in foreign countries and based upon the invention of U. S. Patent 2,437,793 for very substantial considerations, and as set forth in plaintiff's Exhibit 1 supplied in answer to interrogatory 2, Silberman informed plaintiff that he had sold machines made

under Patent 2,437,793 in suit, or had granted foreign manufacturing rights under the invention thereof to the following listed concerns located outside of the U. S.

Cierre Fast, S. A., Mexico, D. F., Mexico

Lightning Fasteners Limited, of Manchester, England, (a subsidiary of Imperial Chemical Industries, Ltd., of Manchester, England)

Clix Fastener Corporation, of Canada

Jet Slide Fastener Co., of Canada (formerly Fly-Fast Co.)

Companhia Brasileira De Metals, of Brazil

Zik Fastener Co., of Palestine

Colombia Metal Co., of Colombia [95]

10.

Interrogatory No. 10: "If the answer to either part of the preceding question is in the affirmative, please state the name and address of the person giving such information to plaintiff and the date and place where such information was given."

Answer: During negotiations for purchase of the patent in suit by plaintiff, David Silberman listed all machines then known to be licensed under the patent in suit. Such conversation took place either at Meadville, or New York City, all prior to the assignment of the patent in suit to plaintiff and were reduced to writing as part of the assignment agreement.

11.

Interrogatory No. 11: "Was the plaintiff informed at any time prior to the institution of this

action that said David Silberman had agreed with the defendant or its predecessor to refrain from asserting any rights against the defendant or its predecessors under United States Letters Patent No. 2,437,793?"

Answer: No.

12.

Interrogatory No. 12: "If the answer to the preceding question is in the affirmative, please state the name and address of the person giving such information to plaintiff, the date and place where such information was given, and the substance of such agreement as related to plaintiff."

Answer: No answer required. [96]

13.

Interrogatory No. 13: "Did the plaintiff make any investigation of the validity of United States Letters Patent No. 2,437,793 at any time prior to the commencement of this action against defendant herein?"

Answer: No special investigation was required because the negotiations for the purchase of Letters Patent No. 2,437,793 were carried on by representatives of the plaintiff whose business it was to be familiar with the slide fastener art.

14.

Interrogatory No. 14: "If the answer to the preceding question is in the affirmative, please state in detail the nature and extent of such investigation, specifying what documents, decisions and rulings,

if any, were examined by plaintiff or reported or described to plaintiff including, but not limited to, documents, decisions and rulings filed in any Court of the United States or in the United States Patent Office.”

Answer: The negotiations for the purchase of the Silberman patent were carried on by representatives of the plaintiff whose business it was, over a period of many years, to be familiar with the decisions and rulings of the United States Patent Office and the Federal Courts of the United States relating to slide fastener patents.

15.

Interrogatory No. 15: “Was the plaintiff at any time prior to the institution of this action informed by anyone that a person other than said David Silberman claimed to be the inventor of the inventions [97] described in and covered by United States Letters Patent No. 2,437,793?”

Answer: Prior to the institution of this action but subsequent to the purchase of patent No. 2,437,793 by plaintiff, plaintiff was informed of the existence of an affidavit by one John J. Havekost, purportedly dated September 8, 1948, and plaintiff was informed of the withdrawal of any claims to inventorship which may have been made in such affidavit, which withdrawal was made by an affidavit dated the 22nd day of August, 1949, a photostatic copy of the latter affidavit being attached hereto and marked Exhibit 2.

16.

Interrogatory No. 16: "If the answer to the preceding interrogatory is in the affirmative, please state the name and address of the person or persons giving such information, the time and place where such information was given to plaintiff and the name and address of the person or persons other than said David Silberman who claimed to be the inventor of the inventions described in and covered by United States Letters Patent No. 2,437,793."

Answer: The affidavit, plaintiff's Exhibit 2 appended to these interrogatory answers, was sent by mail to plaintiff's attorney on or about September 8, 1949 by David Silberman of 10 MacDougal Alley, New York City.

17.

Interrogatory No. 17: "Was the plaintiff at any time prior to the institution of this action informed that the said David Silberman had paid to a person or persons claiming to be the inventor of the inventions described in and covered by U. S. Letters Patent No. 2,437,793 a royalty or other payment?" [98]

Answer: Only to the extent that plaintiff's Exhibit 2 contains the information suggested by the interrogatory.

18.

Interrogatory No. 18: "If the answer to the preceding question is in the affirmative, please state the name and address of the person giving such information to plaintiff, the time and place where such information was given to plaintiff, the name

and address of the person or persons to whom such payment was made by said David Silberman, the amount of such payments, and the times or periods of such payments.”

Answer: See preceding answer.

19.

Interrogatory No. 19: “Did the plaintiff request the defendant which was then located at 10731 Chandler Boulevard, North Hollywood, California, in or about the month of September, 1947, to permit the plaintiff to have its representative examine the defendant’s manufacturing operations?”

Answer: Yes.

20.

Interrogatory No. 20: “Did the defendant agree to permit a representative of the plaintiff to inspect defendant’s production machinery for manufacturing slide fasteners and/or stringers therefor?”

Answer: Yes. [99]

21.

Interrogatory No. 21: “Give the full name and title in the plaintiff’s organization of one Grosvenor McKee.”

Answer: Grosvenor S. McKee, Vice President, Works Manager, and a Director of Talon, Inc.

22.

Interrogatory No. 22: “State the powers and duties of the said McKee.”

Answer: Those incident to positions indicated in the answer to interrogatory 21. These powers

and duties specifically do not include any authority to make decisions respecting the patent rights of the plaintiff other than the right to vote as a member of the Board of Directors.

23.

Interrogatory No. 23: "Did the said McKee, in the early part of 1948 visit defendant's place of business and there make an inspection of defendant's machines and other equipment?"

Answer: Yes. The visit was incidental to a trip to the West Coast on entirely unrelated matter and was merely a casual inspection.

24.

Interrogatory No. 24: "If the answer to the preceding interrogatory is in the affirmative, please state the date on which such inspection was made."

Answer: The inspection was made on or about April 15, 1948 at 10731 Chandler Boulevard, North Hollywood, California. [100]

25.

Interrogatory No. 25: "If the answer to interrogatory number 23 is in the affirmative, please state whether the said McKee informed the defendant that defendant's machines and equipment in his opinion did not constitute infringement of any patents owned by plaintiff."

Answer: No. Said McKee has no training in the interpretation of patents and no special knowledge of patents owned by plaintiff which would enable him to give any opinion concerning infringement thereof.

26.

Interrogatory No. 26: "Was the said McKee informed of the plan of the plaintiff to institute this action?"

Answer: Yes, before the suit was filed, but no such plan was in existence at the time of the visit of said McKee at defendant's place of business in April of 1948.

27.

Interrogatory No. 27: "Did the said McKee make any report to plaintiff following his inspection of defendant's machinery and equipment."

Answer: Yes.

28.

Interrogatory No. 28: "If the answer to the preceding interrogatory is in the affirmative, please state the nature and contents of such report and the date on which such report was made to plaintiff." [101]

Answer: Attached hereto and marked Plaintiff's Exhibit 3 is the report of Grosvenor S. McKee to the plaintiff, dated April 29, 1948, to which interrogatories 27 and 28 refer.

29.

Interrogatory No. 29: "State the date upon which plaintiff first instituted negotiations with David Silberman, the patentee of United States Letters Patent No. 2,437,793 with respect to the assignment of said patent to the plaintiff."

Answer: About the Fall of 1948.

30.

Interrogatory No. 30: "List each action for patent infringement filed by plaintiff or its predecessor Hookless Fastener Co. upon any one or more of the following patents, stating the Courts in which such actions were instituted and the dates of the commencement of such actions."

Patent Number	Patentee
1,903,659	Smith
2,026,413	Binns
2,078,016	Poux
2,078,017	Poux
2,169,176	Poux
2,437,793	Silberman

Answer: See attached list, Plaintiff's Exhibit 4.

31.

Interrogatory No. 31: "List the claims of each patent relied upon in each of said actions." [102]

Answer: See attached list, Plaintiff's Exhibit 4.

32.

Interrogatory No. 32: "State which action or actions, if any, for patent infringement instituted by plaintiff or its predecessor Hookless Fastener Co., with respect to any of the patents listed in interrogatory No. 30 resulted in a trial of the issues therein by a duly constituted Court."

Answer: None resulted in a trial.

33.

Interrogatory No. 33: "State which of the claims

of the respective patents, if any, listed in interrogatory No. 30, have been held invalid by a duly constituted Court of competent jurisdiction, and the name or names and location of such Courts, and the titles of the actions in which any such determination was made."

Answer: None have been held invalid.

34.

Interrogatory No. 34: "State whether the claims of any of the patents listed in interrogatory No. 30 have been interpreted by a duly constituted Court of competent jurisdiction as to their scope, and the titles of the actions in which such interpretations were made and the name and location of the Court making any such interpretation."

Answer: Only as shown by the information contained in Plaintiff's Exhibit 4. [103]

35.

Interrogatory No. 35: "List the titles of the actions and Courts where instituted, of any actions for infringement of any of the patents listed in interrogatory No. 30 instituted by plaintiff which were settled or concluded by consent decrees."

Answer: See attached list, Plaintiff's Exhibit 4.

36.

Interrogatory No. 36: "If any actions for patent infringement of any of the patents listed in interrogatory No. 30 were settled or concluded by consent decrees, set forth in detail the terms of

such settlements and/or the terms of any agreements providing for such settlements or for the entry of consent decrees.”

Answer: Attached hereto and marked Plaintiff's Exhibit 5 are photostatic copies of each agreement of the character referred to in interrogatory 36.

37.

Interrogatory No. 37: “Did any agreement or agreements entered into by plaintiff settling or terminating any patent infringement suit or suits brought by plaintiff or its predecessor Hookless Fastener Co. based upon any of the patents referred to in interrogatory No. 30 contain a provision whereby any defendant or defendants in any such suit was required to agree not to lease or sell to any third party not licensed by plaintiff under one or more of said patents under written agreement with the plaintiff, attaching or chain machines embodying or employing the inventions and capable of practicing the methods described and claimed in any of the said patents listed in [104] interrogatory No. 30, unless such third party were located outside the United States of America, its territories and possessions, or unless such machines were leased or sold by any such defendant or defendants for use outside of the United States of America, its territories or possessions? Explain fully.”

Answer: The full terms of such agreements are shown in the exhibits supplied in answer to interrogatory 36.

38.

Interrogatory No. 38: "Did any agreement or agreements entered into by plaintiff settling or terminating any patent infringement suit or suits brought by plaintiff or its predecessor based upon any of the patents referred to in interrogatory No. 30 contain a provision whereby any defendant or defendants in any such suit agreed to obtain from any person or concern foreign to the United States, with which such defendant or defendants had previously made an agreement or with which he or it should thereafter make such an agreement to lease or sell attaching or chain machines for use in foreign countries embodying or employing any invention or capable of practicing any method described and claimed in any of the patents listed in interrogatory No. 30, a license to make or have made in the United States of America, its territories and possessions machines and methods for making slide fastener chain embodying or employing any invention hereafter, but not heretofore owned or controlled by such other person or concern, with the right to grant a sub-license to plaintiff under each such invention? Explain fully."

Answer: The full terms of such agreements are shown in the exhibits supplied in answer to interrogatory 36. [105]

39.

Interrogatory No. 39: "Did any agreement entered into by plaintiff settling or terminating any patent infringement suit brought by plaintiff or its said predecessor based upon any of the patents

referred to in interrogatory No. 30 contain a provision whereby any defendant or defendants in any such suit agreed to grant to plaintiff and to each company or concern owned or controlled by plaintiff, a non-exclusive, non-transferable, royalty free license to make or have made in its or their factory, machines and methods for making slide fastener chain embodying or employing any invention to which any defendant or defendants in any such suit thereafter acquired such rights for the United States from any third party during the life of said agreement; and whereby any such defendant or defendants in such action agreed to notify and inform plaintiff of the entering into of each agreement for the lease or sale of any attaching or chain machines embodying or employing the inventions and capable of practicing the methods described and claimed in any of the said patents listed in interrogatory No. 30, including the names of the party or concern and its or their location and where the machines were to be used? Explain fully.”

Answer: The full terms of such agreements are shown in the exhibits supplied in answer to interrogatory 36.

40.

Interrogatory No. 40: “Did any agreement entered into by plaintiff settling or terminating any patent infringement suit or suits brought by plaintiff or its said predecessor based upon any of the patents referred to in interrogatory No. 30 contain a provision whereby plaintiff agreed to grant to

each person or concern to whom any [106] defendant or defendants in any such suit sold or leased machines for use in the United States, upon the recommendation of said defendant or defendants, a written license for the life of each of said patents listed in interrogatory No. 30 containing the same terms and conditions as the license granted to any defendant or defendants in any such suit, insofar as they could be applied to such other person or concern, provided:

(a) That any such defendant or defendants in such suit leased or sold to such person or concern an attaching or chain machine or machines;

(b) That such person or concern would agree not to dispute or assist others in disputing the validity of any of the claims of said patents listed in interrogatory No. 30;

(c) That such person or concern would agree to grant to plaintiff and to each company or concern owned or controlled by plaintiff a non-exclusive, non-transferable, royalty free license to make or have made and to use in its factory or factories, attaching or chain machines and methods for making slide fastener stringers embodying or employing any invention thereafter owned or controlled by such other person or concern during the life of said agreement made between plaintiff and any such defendant or defendants?"

Answer: The full terms of such agreements are shown in the exhibits supplied in answer to interrogatory 36.

41.

Interrogatory No. 41. "Did any agreement entered into by plaintiff settling or terminating any patent infringement suit brought by plaintiff or its said predecessor, based upon any of the patents referred to in interrogatory No. 30 contain a provision whereby any defendant [107] or defendants in such suit granted to plaintiff and to each company or concern owned or controlled by plaintiff a non-exclusive, non-transferable, royalty free license to make, have made, and to use in its or their factory or factories, but not to sell to others, machines and methods for making slide fasteners and components therefor, embodying or employing any invention thereafter owned or controlled by any defendant or defendants in any such suit during the life of said agreement between plaintiff and any such defendant or defendants, such license to extend for the full life of any patent describing and claiming any such invention."

Answer: The full terms of such agreements are shown in the exhibits supplied in answer to interrogatory 36.

42.

Interrogatory No. 42: "Please furnish sample copies of each type of agreement made between plaintiff and any defendant or defendants in any such suit based upon any of the patents listed in interrogatory No. 30 settling such action or providing for the conclusion thereof by consent decree."

Answer: Already supplied in answer to interrogatory 36.

43.

Interrogatory No. 43: "Please furnish sample copies of each type of agreement required to be made between plaintiff and third parties under the provisions of any such agreement made between plaintiff and any defendant or defendants in any such action based upon any of the patents listed in interrogatory No. 30."

Answer: The meaning of the term "required" is not understood. All agreements between plaintiff and third parties are similar to those [108] supplied in answer to interrogatory 36.

44.

Interrogatory No. 44: "Was plaintiff influenced in the institution of the instant action against defendant herein by the interest of David Silberman, patentee of U. S. Letters Patent No. 2,437,793, in any slide fastener manufacturing company located in the West Coast area of the United States, and operating in competition with the defendant herein."

Answer: No.

45.

Interrogatory No. 45: "Was plaintiff influenced in the institution of the instant action because of any agreements made between plaintiff and any slide fastener manufacturing company located in the West Coast area of the United States, and operating in competition with the defendant herein?"

Answer: No.

46.

Interrogatory No. 46: "If the answers to inter-

rogatories Nos. 44 and 45 or either of them are in the affirmative, state the interest, if any, of David Silberman in any such company and the name of such company; and furnish copies of any such agreement."

Answer: No answer required. [109]

47.

Interrogatory No. 47: "Describe the invention covered in U. S. Patent No. 2,078,017 issued to Poux under plaintiff's interpretation of the following language contained in the specification of said patent:

(a) 'In the present method of this application these former disadvantages are obviated. The members are formed in a preliminary operation, but the metal is left between the jaws which closes, or bridges the open ends of the jaws and consequently prevents their bunching in an effort to select and sort them for positioning. In carrying out the invention, preferably two interlocking members are arranged end to end so that the open ends of the jaws are thus closed. With any method, however, of preventing open jaws, the units may be readily run through a sorting magazine and delivered to a machine which severs, or completes the opening in the jaws and which is adapted to place and secure the members on the stringers. Thus it is possible, after the formation of the interlocking members, except for the completion of the final severing of the jaws, or the metal in the jaws, to finish the outer surfaces of the members by a tumbling operation, to plate and process the surfaces in any manner desired, and

then complete the jaws after the members have been selected or sorted in a magazine so as to form the interior surfaces of the jaws and place the members on the stringer. In some respects it is advantageous to actually complete the final forming of the interior of the jaws subsequent to any tumbling, or finishing operation in that such final finishing of the jaws gives a more definite engaging surface and assures a more definite [110] engagement on the tape. Further features and details will appear from the specification and claims.'

(b) and of the following language contained in claim 25 'separating one member from another';

(c) claims 26 and 27 'shaping at least partially the attaching prongs of one member and separating the same from another';

(d) claim 33 'severing the units from one another';

(e) claim 34 'separating one member from another thus formed';

(f) claim 35 'separating one member from another thus formed'."

Answer: Interrogatory 47 is not understood inasmuch as Poux patent No. 2,078,017 referred to therein does not contain any of the passages or claims referred to in said interrogatory as being contained in said patent. Accordingly, plaintiff is unable to answer interrogatory 47.

48.

Interrogatory No. 48: "State what application the language quoted in interrogatory No. 47 has to

Slide Fastener Chain Making 'Strip' methods wherein no interlocking element or member is formed on the strip but only after its severance therefrom and wherein the 'strip' at no time contains a plurality of interlocking elements or members as defined by said quoted language."

Answer: Interrogatory 48 is not understood since it is dependent upon interrogatory 47, which is also not understood for the reasons stated in the correspondingly numbered statement above. Accordingly, plaintiff is unable to answer interrogatory 48. [111]

49.

Interrogatory No. 49: "Describe the invention covered in U. S. Patent No. 2,169,176 issued to Poux under plaintiff's interpretation of the following language contained in the specification of said patent:

(a) 'In the present invention I accomplish this by a very effective method and with simple apparatus by forming the individual members practically complete in a continuous strip of metal, or material from which the members are made without severing one member from another.'

(b) Claim 3 'a strip consisting of a long continuous series of united interlocking members having spread jaws end to end'.

(c) Claim 5 'strip consisting of a long continuous series of united interlocking members'.

(d) Claim 6 'elongated strip of several unit interlocking members in continuous series arranged end to end.'

(e) Claim 7 'elongated strip of several unit interlocking members with the members arranged end to end'.

(f) Claim 19 'a strip for use in making slide fastener members—the members being arranged in a strip in end to end relation, etc.—.' ”

Answer: Plaintiff has withdrawn its claim of infringement of U. S. Patent 2,169,176 in order to simplify the issues of this suit and, therefore, no answer is required. [112]

50.

Interrogatory No. 50: “State what application the language quoted in interrogatory No. 49 has to Slide Fastener Chain Making ‘Strip’ methods wherein no interlocking element or member is formed on the strip but only after its severance therefrom and wherein the ‘strip’ at no time contains a plurality of interlocking elements or members as defined by the above language.”

Answer: No answer required.

51.

Interrogatory No. 51: “Did the plaintiff at any time prior to the institution of this action against defendant make any commercial use of any of the inventions claimed in United States Letters Patent No. 2,437,793?”

Answer: Yes. Defendant has made extensive commercial use of the inventions claimed in United States Letters Patent No. 2,437,793.

52.

Interrogatory No. 52: “If the answer to the

preceding interrogatory is in the affirmative, state the nature and extent of such use, the date on which such use was commenced, and the persons involved in said use."

Answer: About April, 1947, plaintiff first used machines embodying the invention of U. S. Letters Patent No. 2,437,793, and, except for a preliminary test period, has continued to use such machines in extensive commercial operations since that date and at present is operating 16 of such machines at plaintiff's Wilson Division in Cleveland, Ohio, and is operating other machines in its subsidiary plant, Cierre Relampago S.A. de C.V., Mexico City, Mexico. Wilson Division was originally managed by Harold W. Soles, presently [113] managed by David E. Case. Mexican operations under management of F. N. Rutherford.

53.

Interrogatory No. 53: "State the estimated sales of slide fasteners in the United States made by the plaintiff within the last two years on a percentage basis, compared with the total sales of slide fasteners made in the United States during such period by all other concerns engaged in the manufacture and sale of slide fasteners in the United States."

Answer: Plaintiff can only estimate the percentage of sales of slide fasteners made by plaintiff at somewhere between 20 and 30 per cent of the total sales of the industry in the United States. Attached hereto and marked Plaintiff's Exhibit 6 is a report of Haskins and Sells showing percentages of total

sales for the months October, November and December of 1950 and the months of January, February, and March of 1951, of plaintiff's sales as compared with other manufacturers reporting to the Slide Fastener Association. This percentage would be materially lowered had the entire industry reported to such Association.

54.

Interrogatory No. 54: "Was the plaintiff influenced in the institution of the instant action by the apparently weak financial condition of defendant?"

Answer: No.

55.

Interrogatory No. 55: "Specify in detail, giving the title and court in which [114] instituted of all actions instituted by plaintiff in which plaintiff was influenced by the apparent weak financial condition of the parties made defendants therein."

Answer: None.

56.

Interrogatory No. 56: "List each suit instituted by plaintiff or its predecessor, Hookless Fastener Co., Inc. alleging infringement of any of the patents owned by plaintiff relating to hookless fasteners or methods or machines for making same but not here in suit, giving the title in each such suit and the court in which each suit was instituted."

Answer: See attached list, Plaintiff's Exhibit 4. Other suits for infringement of other patents of plaintiff not here in suit can be ascertained by defendant from Court records.

57.

Interrogatory No. 57: "Specify, in detail, the provisions of the settlement agreement or other document disposing of the suit brought by the plaintiff against Conmar Products Corporation of Bayonne, New Jersey, instituted in the U. S. District Court, District of New Jersey, on the 18th day of October, 1937."

Answer: See appropriate agreement supplied in answer to interrogatory 36.

58.

Interrogatory No. 58: "Specify, in detail, the provisions of the settlement agreement or other document disposing of the suit brought by the plaintiff against Carney Fasteners, Inc., instituted in the U. S. [115] District Court, Southern District of New York, on the 1st day of May, 1947."

Answer: See appropriate agreement supplied in answer to interrogatory 36.

59.

Interrogatory No. 59: "Specify, in detail, the provisions of the settlement agreement or other document disposing of the suit brought by the plaintiff against Max Lange and Slidelock Corporation, instituted in the U. S. District Court, Southern District of New York, on the 10th day of March, 1947."

Answer: See appropriate agreement supplied in answer to interrogatory 36.

60.

Interrogatory No. 60: "Specify, in detail, the provisions of the settlement agreement or other doc-

ument disposing of the suit brought by the plaintiff against Closurette Corporation of America, instituted in the U. S. District Court, Southern District of New York, on the 29th day of December, 1948.”

Answer: See appropriate agreement supplied in answer to interrogatory 36.

61.

Interrogatory No. 61: “Specify, in detail, the provisions of the settlement agreement or other document disposing of the suit brought by the plaintiff against Star Fasteners, Inc., instituted in the U. S. District Court, Eastern District of New York, on the 7th day of February, 1949.” [116]

Answer: See appropriate agreement supplied in answer to interrogatory 36.

62.

Interrogatory No. 62: “Specify, in detail, the provisions of the settlement agreement or other document disposing of the suit brought by the plaintiff against Conmar Products Corporation, instituted in the U. S. District Court, District of New Jersey, on the 31st day of October, 1939.”

Answer: See appropriate agreement supplied in answer to interrogatory 36.

63.

Interrogatory No. 63: “Specify, in detail, the provisions of the settlement agreement or other document disposing of the suit brought by David Sil-

berman and Charm Slide Fastener Corporation against Syncro Slide Fastener Corp., instituted in the U. S. District Court, Southern District of New York, on the 26th day of April, 1948."

Answer: This suit has not been disposed of.

64.

Interrogatory No. 64: "Specify, in detail, the provisions of the settlement agreement or other document disposing of the suit brought by David Silberman and Charm Slide Fastener Corporation against Swan Fastener Corporation, instituted in the U. S. District Court, Southern District of New York, on the 15th day of April, 1948."

Answer: See answer to interrogatory 36. [117]

65.

Interrogatory No. 65: "Specify, in detail, the provisions of the settlement agreement or other document disposing of the suit brought by plaintiff against Joy Fastener Company, instituted in the U. S. District Court, Western District of Pennsylvania, on the 8th day of June, 1938."

Answer: See appropriate agreement supplied in answer to interrogatory 36.

66.

Interrogatory No. 66: "Specify each of the above suits in which the settlement included payment to or for the benefit of defendant by the plaintiff of any monies whatsoever."

Answer: Talon, Inc. v. Closurette Corporation of America. Also see agreement supplied in answer to interrogatory 36.

67.

Interrogatory No. 67: "List each of the above suits in which the terms of settlement required the licensing of the defendant or others by the plaintiff under any one or more of the patents here in suit.

(a) List each of the above suits in which the terms of settlement involved quota control of Slide Fasteners or slide fastener chain to be manufactured by the defendant therein subsequent to the settlement thereof."

Answer: The meaning of the term "required" is not understood. See answer to interrogatories 36 and 43. [118]

(a) See answers to interrogatories 36 and 43.

68.

Interrogatory No. 68: "State the name and address of each firm or individual manufacturing slide fasteners or slide fastener chain or components who were invited or urged to obtain licenses from plaintiff under any one or more of the patents here in suit for their manufacturing or other operations in connection with slide fasteners or slide fastener chain."

Answer: The meaning of the term "invited," as employed in interrogatory 68, is not understood. The parties to whom plaintiff expressed a willingness to grant such licenses include the defendants in all of the suits listed in the answer to interrogatory 30, as shown by the agreements supplied in answer to interrogatory 36. While licensing proposals were discussed generally with numerous other firms or individuals, including the present defendant, plain-

tiff has been unable to ascertain that any specific licensing proposal has been made by plaintiff to each such other firm or individual.

69.

Interrogatory No. 69: "State in detail the provisions of each of such license agreements offered to or *used* upon each of the said firms or individuals listed in interrogatory 68."

Answer: Covered in answer to interrogatory 68.

70.

Interrogatory No. 70: "State in detail the royalties and the basis of computation thereof in each of the license agreements referred to in interrogatory 68." [119]

Answer: See agreements supplied in answer to interrogatory 36.

71.

Interrogatory No. 71: "State in detail the restrictive provisions, if any, of each of the licensing agreements referred to in interrogatory 68, such as limitation of production, sliding scale royalties, etc."

Answer: See agreements supplied in answer to interrogatory 36.

72.

Interrogatory No. 72: "State the name of each firm or individual failing to accept such license agreements offered or *used* by Talon, Inc. or its predecessors, Hookless Fastener Corporation, or David Silberman or Charm Fastener, Inc."

Answer: Covered in answer to interrogatory 68.

Plaintiff does not possess the requested information as to David Silberman or Charm Fastener, Inc.

73.

Interrogatory No. 73: "List each of the firms or individuals to whom licenses under any one or more of the patents in suit were offered by plaintiff who failed to accept licenses and continued to manufacture slide fasteners, slide fastener chains or other components."

Answer: Covered in answer to interrogatory 68.

74.

Interrogatory No. 74: "List each of the firms or individuals referred to in interrogatory 73 who were not sued by Talon, Inc. for alleged infringement [120] of any one or more of the patents in suit."

Answer: See answer to interrogatory 68.

75.

Interrogatory No. 75: "State in detail, the considerations influencing Talon, Inc. or its predecessor, Hookless Fastener Corporation, to refrain from suing each of the firms or individuals listed in interrogatory 74."

Answer: None.

76.

Interrogatory No. 76: "State in detail, the criteria involved in decisions by Talon, Inc. or its predecessor, Hookless Fastener Corporation, in deciding whether or not to file suit against a firm or per-

son allegedly infringing any one or more of the patents here in suit."

Answer: The only criteria, as far as plaintiff can now determine, were:

1. Did a provable case of infringement exist?
2. Would the infringer accept a license on terms consistent with the terms of existing licenses granted by plaintiff?
3. Was the infringement sufficiently important to warrant the filing of a suit?

77.

Interrogatory No. 77: "State the exact title, home address and specify the duties and authority at the time of his employment by plaintiff of one Ward Robinson, now or formerly employed by plaintiff." [121]

Answer: Ward M. Robinson, 233 North Main Street, Meadville, Pennsylvania, Vice President-General Manager. His duties and authority are the usual ones designated to the General Manager and Vice President of a company.

78.

Interrogatory No. 78: "State the exact title, home address and specify the duties and authority at the time of his employment by plaintiff of one Lewis or Louis Walker, Jr., now or formerly employed by plaintiff."

Answer: Lewis Walker, 891 Grove Street, Meadville, Pennsylvania, President. His duties and authority are the usual ones attached to the office of President of a company.

79.

Interrogatory No. 79: "Name the official and his home address who was at the head of the Sales Department of Talon, Inc., in September, 1949."

Answer: Garfield R. MacDonald, State Road, Meadville, Pennsylvania.

80.

Interrogatory No. 80: "State the exact title, home address and specify the duties and authority at the time of his employment, by plaintiff, and as of this date of a Mr. Detweiler, now or formerly employed by plaintiff."

Answer: Charles F. Detweiler, 5447 Velvah Avenue, Encino, California, Manager of Los Angeles Office of Talon, Inc. His duties and authority are the usual ones attached to the position of an office manager. [122]

81.

Interrogatory No. 81: "State the exact title, home address and specify the duties and authority at the time of his employment by plaintiff of one W. B. Jaeger, now or formerly employed by plaintiff."

Answer: William B. Jager, 7057 Los Tilos Road, Hollywood 28, California, Western Regional Sales Manager of Talon, Inc. His duties and authority are the usual ones attached to the position of a sales manager in a limited territory.

82.

Interrogatory No. 82: "Was a meeting held in the Los Angeles office of Talon, Inc. during 1949 at

which representatives of plaintiff and representatives of other firms engaged in the slide fastener industry were present?"

Answer: Yes.

83.

Interrogatory No. 83: "If the answer to the preceding question is in the affirmative, state:

(a) What companies engaged in the slide fastener business were represented at said meeting.

(b) the names of the representatives of each company represented at said meeting, including the exact names of the representatives of plaintiff.

(c) at whose request such meeting was held.

(d) the purpose of said meeting.

(e) state whether any discussion was had at said meeting concerning the then current prices of the standard 7 inch skirt zipper. [123]

(f) specify the cost of manufacture at that time of the standard 7 inch skirt zippers manufactured (1) by Talon, Inc.; (2) by Wilzip Corporation.

(g) state whether a representative of plaintiff advised those present at said meeting that unless they maintained a price of .045 for standard 7 inch skirt zippers, plaintiff would take retaliatory measures by selling the Wilzip brand 7 inch zipper at less than .045 'just as plaintiff was doing in the East, to wit, selling said 7 inch zippers at .035, thereby forcing the smaller slide fastener manufacturers out of business.'

(h) state whether a representative of Talon, Inc. also stated that Talon, Inc. was going to introduce its Wilzip brand on the Pacific Coast and that un-

less the other local manufacturers maintained the price of .045 for 7 inch zippers, Talon would offer their Wilzip zippers at .0375 or .035 or even as low as .02."

Answer: (a) to (h), inclusive (Answers to these interrogatories to be submitted separately).

84.

Interrogatory No. 84: "State whether a representative of plaintiff at any time requested defendant to become a member of the Slide Fastener Association."

Answer: Not so far as plaintiff has been able to determine.

85.

Interrogatory No. 85: "If in answer to the preceding question it is stated that such request was made, give the name and home address of the representative of plaintiff making such request." [124]

Answer: No answer required.

86.

Interrogatory No. 86: "State whether plaintiff is a member of the Slide Fastener Association."

Answer: Plaintiff is a member of Slide Fastener Association, Inc., having its office at One Wall Street, New York 5, N. Y.

87.

Interrogatory No. 87: "State whether Wilzip Corporation is a member of the Slide Fastener Association."

Answer: The Wilzip organization to which interrogatory 87 appears to refer is not a separate

corporation but is merely a division of Talon, Inc. and is not itself a member of any such association.

88.

Interrogatory No. 88: "If the answer to either or both the preceding two questions is in the affirmative, state when plaintiff became a member of such association and when Wilzip Corporation became a member of said association."

Answer: Plaintiff became a member of the association at its inception, namely, May 2, 1950.

89.

Interrogatory No. 89: "State whether any of the officers or directors of plaintiff are also officers and directors of Wilzip Corporation." [125]

Answer: See answer to interrogatory 87.

90.

Interrogatory No. 90: "If the answer to the preceding question is in the affirmative, state the names and home addresses or directors of plaintiff who were or are also officers and directors of Wilzip Corporation."

Answer: No answer required.

91.

Interrogatory No. 91: "State the exact titles and duties of each of the aforesaid officers or directors in the respective companies."

Answer: No answer required.

92.

Interrogatory No. 92: "State the names and home addresses of any persons or firms holding licenses

from plaintiff or Wilzip Corporation under patents owned by plaintiff or Wilzip Corporation under patents owned by plaintiff or Wilzip Corporation who are members of the Slide Fastener Association.”

Answer: See attached list, Plaintiff’s Exhibit 7. Wilzip Division owns no patents.

93.

Interrogatory No. 93: “Was the purchase by plaintiff of Wilzip Corporation or its predecessor, Wilson Button Corporation of Cleveland, Ohio, influenced in any way by representations made to plaintiff or any of its officers or directors by a large button manufacturing concern [126] or an agent or an official thereof, that such button company intended to enter the slide fastener industry?”

Answer: No.

94.

Interrogatory No. 94: “If the answer to the above is in the affirmative,

(a) name the official or officer of the plaintiff to whom such representation was made and the agent or officer of the aforesaid button manufacturing company making such representation.

(b) state approximately the date upon which the aforesaid representation was made to the said officer of plaintiff.

(c) state what other considerations influenced the acquisition by plaintiff of Wilzip Corporation and/or its predecessor Wilson Button Corporation.”

Answer: No answer required.

95.

Interrogatory No. 95: "State whether plaintiff has made any use of the trade name and facilities of Wilzip Corporation."

Answer: The Wilson Division of Talon, Inc. has used and uses its trade name and facilities, and the Wilson Division is a part of Talon, Inc. To this extent, the trade name and facilities of the Wilson Division have been used by Talon, Inc.

96(a).

Interrogatory No. 96(a): "If the answer to the preceding question is in the affirmative,

(a) specify what use has been made by plaintiff of the trade name and facilities of Wilzip Corporation.

Answer: See answer to interrogatory 95. [127]

96(b)

Interrogatory No. 96(b): "(b) state whether the aforesaid use of the trade name and facilities of Wilzip has in any way affected the business of plaintiff and in what manner."

Answer: Interrogatory 96(b) is not understood when considered in the light of the facts stated in answer to interrogatory 95.

97.

Interrogatory No. 97: "Is the plaintiff aware of a widely published prospectus on the letterhead of one David Silberman of 10 MacDougal Alley, New York, New York, dated September 25, 1949 and

purporting to expound a plan to cure the ills in the slide fastener industry?"

Answer: Yes.

98.

Interrogatory No. 98: "If the answer to the preceding question is in the affirmative, was Talon, Inc. aware of the listing of its name on the aforesaid letterhead in the upper left-hand corner of the letterhead of the aforesaid prospectus under the heading of 'United States'?"

Answer: Plaintiff was not aware of the listing of its name on such letterhead until after the prospectus was mailed and sent to the trade. At that time, it then objected to such use of its name on its letterhead.

99.

Interrogatory No. 99: "Did Talon, Inc. endorse the plan or principles enunciated in the document referred to in interrogatory 97?" [128]

Answer: No.

100.

Interrogatory No. 100: "Please state the correct name, home address, title and authority at the time of his employment by plaintiff of one Frank Laynge or 'Lainge', now or formerly an employee of plaintiff."

Answer: Frank C. Layng, 347 Ben Avon Street, Meadville, Pennsylvania, Administrative Director. Assists President, General Manager, and Sales Manager in their duties.

101.

Interrogatory No. 101: "State the home address,

correct title and authority of the Ward Robinson referred to in the aforesaid prospectus at page 8, paragraph third.”

Answer: See answer to interrogatory 77.

102.

Interrogatory No. 102: “State whether plaintiff or any of its officers, directors or agents is familiar with the statement made by United States District Court Judge John M. Woolsey in ‘Findings of fact and conclusions of law as to defendant David Silberman’ in the suit brought by Conmar Products Corporation as plaintiff against Lamar Slide Fastener Corporation and David Silberman as defendants, Civil Action file No. 9-197 brought on June 12, 1940 in the United States District Court, Southern District of New York, at page 16, paragraph marked 27, to the effect that, ‘I also think Mr. Silberman has been conclusively established by the evidence here to be one of the most notable commercial pirates that has ever come before me.’” [129]

Answer: Yes.

103.

Interrogatory No. 103: “Was plaintiff’s acquiescence in the use of its name or prestige in the slide fastener business

(a) part of a plan to control the slide fastener business;

(b) part of a plan to control a part of the slide fastener business;

(c) If the answer to (a) or (b) is in the affirmative,

(1) Was the plan instigated by David Silberman?

(2) Was the plan instigated by plaintiff?

(3) Was the plan concerned either directly or indirectly with the slide fastener business outside the territorial limits of the U.S.A.?

(d) Is there any reason why the references at page 8, third paragraph of the prospectus referred to in interrogatory 97 to plaintiff's officials and/or agents Robinson, Layng or Laing should not be reasonably interpreted as endorsement by plaintiff of the plan proposed thereby.

(e) If the answer to (d) is in the affirmative, state the reason or reasons.

Answer: (a) to (e) Interrogatory 103 is not understood since it does not identify the use of plaintiff's name to which the interrogatory refers. If reference to the prospectus identified in interrogatories 97-99, plaintiff did not know of such use of its name until after the occurrence and did not acquiesce in such use of its name, but objected thereto as stated in answer to interrogatory 103. Similarly, no official or agent of plaintiff, to the best of plaintiff's knowledge, endorsed said prospectus or had any [130] part in its preparation or the formulation of any plans or objectives involved therein. Any contrary conclusions or interpretation is, therefore, contrary to the facts.

104.

Interrogatory No. 104: "Had plaintiff any contractual relations with David Silberman prior to the institution of this action?

(a) Express or implied, written or oral?

(b) By reason of plaintiff's acquisition of any patents or licenses from David Silberman?

(c) By reason of any prior dealing or course of dealings with Silberman?

(d) If the answer to any of (a), (b) or (c) is in the affirmative, give complete details of such contractual relations with David Silberman."

Answer: (a) to (d) Only what is involved in the agreements of Exhibit 1.

105.

Interrogatory No. 105: "Had plaintiff any contractual relations with David Silberman at the time of filing of this suit?

(a) Express or implied, written or oral?

(b) By reason of plaintiff's acquisition of any patents or licenses from David Silberman?

(c) By reason of any prior dealing or course of dealings with Silberman?

(d) If the answer to any of (a), (b) or (c) is in the affirmative, give complete details of such contractual relations with David Silverman."

Answer: Only as shown by agreements of Exhibit 1. [131]

106.

Interrogatory No. 106: "Does plaintiff have any present contractual relations with David Silberman?

(a) Express or implied, written or oral?

(b) By reason of plaintiff's acquisition of any patents or licenses from David Silberman?

(c) By reason of any prior dealing or course of dealings with Silberman?

(d) If the answer to any of (a), (b) or (c) is in the affirmative, give complete details of such contractual relations with David Silberman."

Answer: Only as shown by agreements of Exhibit 1.

Dated at Meadville, Pennsylvania, this 23rd day of April, 1952.

TALON, INC.,

/s/ By LEWIS WALKER,

President, Plaintiff. [132]

Duly Verified. [105]

[Endorsed]: Interrogatories Filed March 28, 1952. Answers Filed May 8, 1952.

[Title of District Court and Cause.]

PLAINTIFF'S ANSWER TO INTERROGATORY No. 83 IN INTERROGATORIES PROPOUNDED BY DEFENDANT AND SERVED MARCH 18, 1952

To the Defendant Union Slide Fastener, Inc., and to its attorneys, Fulwider & Mattingly, Robert W. Fulwider, Esq., and Solomon Kleinman, Esq.:

Interrogatory No. 83, (a) to (h) inclusive, is being answered separately herewith for the reason that Mr. William B. Jager subscribing to this answer is the person having direct knowledge concerning the events inquired into.

Interrogatory 83(a): "If the answer to the preceding question is in the affirmative, state:

"(a) What companies engaged in the slide fastener business [231] were represented at said meeting."

Answer: California Slide Fastener Company
Roxy Thread Company
Union Slide Fastener Company and Talon, Inc.

Interrogatory No. 83(b): "(b) the names of the representatives of each company represented at said meeting, including the exact names of the representatives of plaintiff."

Answer: California Slide Fastener Company by Mr. Eisenburg; Roxy Thread Company by Mr. Knapp; Union Slide Fastener Company by Mr. Philip Lipson; and Talon, Inc. by Messrs. William B. Jager and C. F. Detweiler.

Interrogatory No. 83(c): "(c) at whose request such meeting was held."

Answer: The meeting was held at the request of Mr. Knapp of California Slide Fastener Company, Roxy Thread Company and Union Slide Fastener Company relayed to Talon, Inc. through Apparel Manufacturing Supply Company.

Interrogatory No. 83(d): "(d) the purpose of said meeting."

Answer: The purpose of the meeting was to discuss market conditions.

Interrogatory No. 83(e): "(e) state whether any discussion was had at said meeting concerning

the then current prices of the standard 7 inch skirt zipper.”

Answer: Yes. [232]

Interrogatory No. 83(f): “(f) specify the cost of manufacture at that time of the standard 7 inch skirt zippers manufactured (1) by Talon; (2) by Wilzip Corporation.”

Answer: Affiant does not have the information sufficient to answer this interrogatory, and the interrogatory is immaterial, improper and irrelevant and seeks to pry into information which is a trade secret of plaintiff. At no time have Wilzip zippers, as manufactured by the Wilson Division of Talon, Inc., been shipped into this competitive market.

Interrogatory No. 83(g): “(g) state whether a representative of plaintiff advised those present at said meeting that unless they maintained a price of .045 for standard 7 inch skirt zippers, plaintiff would take retaliatory measures by selling the Wilzip brand 7 inch zipper at less than .045 ‘just as plaintiff was doing in the East, to wit, selling said 7 inch zippers at .035, thereby forcing the smaller slide fastener manufacturers out of business’.”

Answer: No.

Interrogatory No. 83(h): “(h) state whether a representative of Talon, Inc. also stated that Talon, Inc. was going to introduce its Wilzip brand on the Pacific Coast and that unless the other local manufacturers maintained the price of .045 for 7 inch zippers, Talon would offer their Wilzip zippers at .0375 or .035 or even as low as .02.”

Answer: No.

Dated at Los Angeles, California, this 5th day of May, 1952.

TALON, INC.,
/s/ By WILLIAM B. JAGER,
Western Regional Sales
Manager. [233]

Duly Verified.

Acknowledgment of Service Attached.

[Endorsed]: Filed May 8, 1952.

United States District Court, Southern District
of California, Central Division

No. 10,450-C—Civil

[Title of Cause.]

MINUTES OF THE COURT

Date: Nov. 24, 1952, at Los Angeles, Calif.

Present: The Hon. James M. Carter, District
Judge;

Deputy Clerk: L. B. Figg. Reporter: Samuel
Goldstein.

Counsel for Plaintiff: Chas. Lyon.

Counsel for Defendant: Robert W. Fulwider.

Proceedings:—For pretrial hearing.

On motion of Attorney Fulwider It Is Ordered
that Wm. J. Graham, an attorney of New York,
N. Y., is admitted to practice in this Court for the

limited purpose of appearing and participating in this action as co-counsel for the defendant.

Respective counsel and the Court confer on the issues and facts.

On motion of plaintiff, It Is Ordered that the complaint is dismissed as to all patents except Poux, 017, & Silberman, 793.

It Is Ordered that plaintiff's counsel present stipulation of facts and issues by Dec. 24, 1952.

EDMUND L. SMITH,
Clerk.

/s/ By L. B. FIGG,
Deputy Clerk. [235]

[Title of District Court and Cause.]

FURTHER INTERROGATORIES PRO-
POUNDED TO PLAINTIFF AND AN-
SWERS THERETO

Union Slide Fastener, Inc., the above-named defendant, herewith propounds further Interrogatories to plaintiff to be answered under oath within fifteen (15) days from the date of service hereof pursuant to Rule 33 of the Federal Rules of Civil Procedure. [236]

To the Defendant Union Slide Fastener, Inc., and to its attorneys, Fulwider, Mattingly & Babcock and Robert W. Fulwider, Solomon Kleinman and William J. Graham:

Plaintiff's answers to the interrogatories propounded by Defendant and served December 10, 1952 are as follows:

107.

Interrogatory No. 107: "With respect to U. S. Letters Patent No. 2,437,793 granted to David Silberman, state the following:

(a) The date upon which the first drawing of the alleged inventions described and claimed therein was made.

(b) The date upon which the first written description of the alleged inventions described and claimed therein was made. [247]

(c) The date upon which the alleged inventions described and claimed therein were first disclosed to another person, and the name and address of such person.

(d) The date of the first acts or act relating to conception of the alleged inventions described and claimed therein.

(e) The date of the actual reduction to practice of the alleged inventions described and claimed therein."

Answer: Plaintiff is not informed and does not know the answer to questions a, b, c and d.

Separately answering paragraph (e), actual reduction to practice of all inventions described and claimed in the claims in suit of Silberman patent 2,437,793 took place on or before February 29, 1944.

108.

Interrogatory No. 108: "With respect to U. S. Letters Patent No. 2,078,017 issued to Hookless Fastner Co., Inc., state the following:

(a) The date upon which the alleged inventions

claimed in claims numbered 9, 10, 11, 12, 13, 14, 15 and 17 were first disclosed to another person, and the name and address of such person.

(b) The date of the first act or acts relating to conception of the alleged inventions claimed in claims numbered 9, 10, 11, 12, 13, 14, 15 and 17.

(c) The date of the actual reduction to practice of the alleged inventions claimed in claims numbered 9, 10, 11, 12, 13, 14, 15 and 17."

Answer: Plaintiff is not informed and does not know the answer to these questions. Plaintiff now intends to rely upon the date of execution of the application for disclosure to others and for conception of the invention, [248] and upon the date of filing of the application for patent as the date of constructive reduction to practice.

109.

Interrogatory No. 109: "State the date on which plaintiff gave notice to defendant of the infringement of U. S. Letters Patent No. 2,437,793 issued to David Silberman."

Answer: October 17, 1949.

110.

Interrogatory No. 110: "State the manner in which plaintiff gave notice to the defendant of the alleged infringement of U. S. Letters Patent No. 2,437,793 issued to David Silberman."

Answer: By filing the complaint in this action. Plaintiff's predecessor in title had given defendant verbal notice of infringement of patent 2,437,793 at

least as early as August 1948 at the Hollywood-Roosevelt Hotel in Hollywood, California.

111.

Interrogatory No. 111: "If the notice referred to in the preceeding question was given by plaintiff to defendant in writing, attach a true copy of said writing."

Answer: See complaint filed in this Action.

112.

Interrogatory No. 112: "Attach copies of all agreements and assignments listed in Exhibit B to agreement dated April 18, 1949 by and between Talon, Inc. and David Silberman, which agreement is attached to plaintiff's answers to defendant's Interrogatories and is marked Exhibit 1 thereto." [249]

Answer: Copies of the requested papers are appended hereto as plaintiff's Exhibits 8 to 13 inclusive.

113.

Interrogatory No. 113: "State whether the original of the document dated August 22, 1949, a copy of which is attached to plaintiff's Answers dated April 23, 1952 to defendant's Interrogatories, and labeled Exhibit 2 thereto, bearing the signature of John T. Havekost, was prepared by or on behalf of plaintiff."

Answer: No.

114.

Interrogatory No. 114: "State whether the original of the document dated August 22, 1949, a copy

of which is attached to plaintiff's Answers dated April 23, 1952 to defendants' Interrogatories, and labeled Exhibit 2 thereto, bearing the signature of John T. Havekost, was recorded in the U. S. Patent Office, and the date and recording data."

Answer: Not to plaintiff's knowledge.

115.

Interrogatory No. 115: "State whether John T. Havekost of No. 33-30 149th Place, Flushing, Long Island, New York, has, at any time made any claim against defendant that he had any rights with respect to the inventions in slide fastener chain manufacturing machine, process and product or any part or feature thereof described and claimed in U. S. Letters Patent No. 2,437,793 granted to David Silberman on March 16, 1948, either before or after the issuance of said patent.

Answer: Don't know. If the question is directed to a claim against plaintiff, the answer is "No".

115A.

Interrogatory No. 115A: "If the answer to the preceding Interrogatory is in the affirmative, state:

- (a) The date of any such claim
- (b) How such claim was made
- (c) The substance of such claim
- (d) If such claim was made in writing, attach a photostatic copy thereof."

Answer: No answer required.

116.

Interrogatory No. 116: "State whether any person, firm or corporation other than said Havekost

has at any time made any claim against plaintiff with respect to the inventions in the slide fastener chain manufacturing machine, process and product, or any part or feature thereof described and claimed in U. S. Letters Patent No. 2,437,793 granted to David Silberman on the 16th day of March, 1948, either before or after the date of the issuance of said patent."

Answer: No.

117.

Interrogatory No. 117: "If the answer to the preceding question is in the affirmative state:

(a) The name and address of such person, firm or corporation

(b) Whether any such claim was made on the basis of an alleged assignment claimed to have been made by John T. Havekost to such person, firm or corporation of alleged rights of Havekost in or to inventions in a slide fastener chain manufacturing machine, process and product or any part or feature thereof alleged to have been the subject matter of an invention alleged to have been [251] made by Havekost."

Answer: No answer required.

118.

Interrogatory No. 118: "If any such claim as that referred to in Interrogatory No. 116 was made against plaintiff, state the approximate date on which such claim was made, the substance of such claim, and the manner in which such claim was disposed of by plaintiff. Attach photostatic copies of

any and all written documents relating to said claim or the disposition thereof."

Answer: No answer required.

119.

Interrogatory No. 119: "State whether David Silberman, the patentee of U. S. Letters Patent No. 2,437,793 has been requested at any time by plaintiff to furnish indemnity to plaintiff, with respect to any claims made by third persons that said Silberman was not the first and sole inventor of the inventions described and claimed in said Letters Patent."

Answer: No, except as provided in the agreement Exhibit 1 dated April 18, 1949 heretofore submitted to defendant.

120.

Interrogatory No. 120: "If the answer to the preceding Interrogatory is in the affirmative, state:

- (a) When such request was made
- (b) The nature of the indemnity requested
- (c) Whether or not such indemnity was furnished to plaintiff by said Silberman.
- (d) The name and address of the third person making such claims." [252]

Answer: No answer required.

121.

Interrogatory No. 121: "State whether plaintiff has in its possession or control an affidavit made by one John T. Havekost or John J. Havekost, purportedly dated September 8, 1948."

Answer: No.

121A.

Interrogatory No. 121A: "If the answer to the preceding Interrogatory is in the affirmative, attach a photostatic copy of said affidavit."

Answer: No answer required.

122.

Interrogatory No. 122: "State the name or names and title or titles of the officer or officers of the plaintiff in office on or about April 29, 1948 having authority to make decisions respecting the patent rights of the plaintiff, including but not limited to decisions with respect to the institution of suits for the infringement of plaintiff's patent rights."

Answer: Lewis Walker, President; Ward M. Robinson, Vice President and General Manager; R. E. Meech, Assistant Secretary and General Patent Counsel.

123.

Interrogatory No. 123: "List each agreement between the plaintiff and any other slide fastener manufacturer providing for a license from plaintiff to such manufacturer under any one or more of the following patents, other than the agreements attached to plaintiff's answers to defendant's Interrogatories, which [253] answers are dated April 23, 1952; and attach photostatic copies of all such agreements.

Patent Number	Patentee
1,903,659	Smith
2,026,413	Binns
2,078,016	Poux

Patent Number	Patentee
2,078,017	Poux
2,169,176	Poux
2,437,793	Silberman''

Answer: American Fastener Co., Cap-Tin Development Co., Ernst Slide Fastener Co., Hared Fastener Co., Joy Mfg. Co., Lamar Slide Fastener Co., Marvel Slide Fastener Co., Prentice Mfg. Co., Seltzer Fastener Co., Strauss Fasteners, Inc., Serval Slide Fasteners, Inc., United States Rubber Co.

These licenses are available for inspection by defendant at plaintiff's office in Meadville, Pennsylvania. Copies will be prepared for defendant if defendant pays for the same.

124.

Interrogatory No. 124: "State whether at or about the date of the agreement between plaintiff and Conmar Products Corporation dated June 7, 1951, plaintiff entered into any agreement with Conmar Products Corporation other than the agreement dated June 7, 1951, attached to plaintiff's answers to defendant's Interrogatories, which answers are dated April 23, 1952.

Answer: No. [254]

125.

Interrogatory No. 125: "If the answer to the preceding Interrogatory is in the affirmative, state:

(a) Whether any such agreement was oral or in writing

(b) If in writing, attach a photostatic copy of such agreement.

(c) If oral, state the substance of such agreement.”

Answer: No answer required.

126.

Interrogatory No. 126: “State what payment was made by plaintiff to or for the benefit of Closurette Corporation of America, in connection with the settlement of the suit brought by plaintiff against that corporation in the United States District Court for the Southern District of New York in December of 1948.”

Answer: Plaintiff paid defendant’s counsel fees of \$2,000.00.

127.

Interrogatory No. 127: “State the names of the firms or individuals with whom plaintiffs held general discussions with respect to licensing proposals under patents owned by plaintiff, as set forth in plaintiff’s answer to defendant’s Interrogatory No. 68.

Answer: Various concerns and individual in the industry whom plaintiff believed were then using the inventions of one or more of the listed patents. Plaintiff does not now recall the names of these concerns.

128.

Interrogatory No. 128: “State whether plaintiff’s purchase of U. S. Letters Patent No. 2,437,793 granted to David Silberman was influenced by the fact that said Silberman made known to plaintiff

his plan to issue licenses thereunder [255] to a number of manufacturers of slide fasteners."

Answer: No.

129.

Interrogatory No. 129: "State whether plaintiff at any time requested David Silberman to obtain from John T. Havekost the original or a copy of the document dated August 22, 1949, copy of which is annexed to plaintiff's answers to Defendant's Interrogatories and marked Exhibit 2 thereto, which answers are dated April 23, 1952.

Answer: No.

130.

Interrogatory No. 130: "State whether at any time plaintiff has made any investigation of any claim made by said John T. Havekost to anyone that he had rights in and to the inventions or a part thereof described and claimed in U. S. Letters Patent No. 2,437,793."

Answer: No.

131.

Interrogatory No. 131: "If the answer to the preceding Interrogatory is in the affirmative state:

(a) The nature of such investigation, and when it was made.

(b) Whether any determination was made by plaintiff that said David Silberman was not the owner of all of the rights intended to be assigned to plaintiff under agreement between plaintiff and said David Silberman dated April 18, 1949.

(c) The results of such investigation."

Answer: No answer required. [256]

132.

Interrogatory No. 132: "State whether plaintiff made any payment directly or indirectly to said John T. Havekost or to anyone for or on behalf of said Havekost, in connection with the execution and delivery by said Havekost of the document dated August 22, 1949, copy of which is annexed to plaintiff's answers to defendant's Interrogatories and marked Exhibit 2.

Answer: No.

133.

Interrogatory No. 133: "If the answer to the preceding Interrogatory is in the affirmative, state the nature and amount of such payment and the date on which and the person to whom it was made."

Answer: No answer required.

134.

Interrogatory No. 134: "State whether plaintiff made any payment directly or indirectly to cover the expense of the preparation, execution and delivery of the document dated August 22, 1949, a copy of which is annexed to plaintiff's answers to defendant's Interrogatories and marked Exhibit 2."

Answer: No.

135.

Interrogatory No. 135: "If the answer to the preceding Interrogatory is in the affirmative, please state the nature and amount of such payments, when such payments were made and the person or persons to whom such payments were made."

Answer: No answer required.

136.

Interrogatory No. 136: "State whether plaintiff now or at any time in the past has owned stock in Dixie Fasteners, Inc., a corporation of the State of Tennessee.

Answer: No.

137.

Interrogatory No. 137: "If the answer to the preceding Interrogatory is in the affirmative, state the number of shares of said stock so held by plaintiff, the date of the acquisition thereof and what percentage of the total authorized capital stock of Dixie Fasteners, Inc. was represented by the shares of stock owned by plaintiff."

Answer: No answer required.

138.

Interrogatory No. 138: "List all of the United States Letters Patent under which plaintiff is licensed to practice or use the inventions described and claimed in such U. S. Letters Patent."

Answer: Defendant is referred to the many documents heretofore supplied to or made available to defendant for answer to this interrogatory in so far as pertinent or relevant to any issue in this action.

139.

Interrogatory No. 139: "State whether plaintiff, at any time, made any investigation of the alleged infringement of U. S. Letters Patent No. 2,437,793 granted to David Silberman or of the alleged use or attempted use of the inventions described and

claimed in the application which matured into said patent, by F. L. G. Co., a company or corporation in the State of New York." [258]

Answer: No.

140.

Interrogatory No. 140: "If the answer to the preceding Interrogatory is in the affirmative state:

- (a) When such investigation was made
- (b) The nature of such investigation
- (c) The results of such investigation."

Answer: No answer required.

141.

Interrogatory No. 141: "State whether any monies were paid by plaintiff directly or indirectly to or for or on behalf of any of the following named persons at any time, the amount paid and the time of such payment: Joseph Seltzer, formerly residing at 2785 Claflin Ave., Bronx, New York; Bertram Ross, one Bagdan, formerly an employee of Charm Slide Fastener Corporation of New York City and/or David Silberman, or F. L. G. Company."

Answer: No.

Dated at Meadville, Pennsylvania, this 11th day of February, 1953.

TALON, INC.

/s/ By LEWIS WALKER,
President.

Duly Verified. [260]

Affidavit of Service Attached. [261]

[Interrogatories dated Dec. 10, 1952. Signed by

Fulwider, Mattingly & Babcock by Robert M. Fulwider, attorneys for Defendant.]

[Endorsed]: Interrogatories Filed Dec. 11, 1952.
Answers Filed Feb. 19, 1953.

[Title of District Court and Cause.]

PRE-TRIAL STIPULATION AND ORDER

This cause having come on for hearing for a pre-trial conference and such conference having been held in the chambers of this Honorable Court on Monday, November 24, 1952, it is now, therefore, stipulated between the parties:

I.

That plaintiff Talon, Inc., is and was, as of the filing of the complaint herein, the owner of United States Letters Patent in suit No. 2,078,017 and No. 2,437,793.

II.

That the acts complained of herein have occurred in the City of Los Angeles, State of California within the Southern District of California, Central Division, and within the six years [311] next preceding the filing of the complaint herein.

III.

That defendant Union Slide Fastener, Inc. is a corporation organized and existing under and by virtue of the laws of the State of California, having its principal place of business at 1829 Blake Avenue in the City of Los Angeles, State of California,

within the Southern District of California, Central Division.

IV.

That, with respect to the issue of infringement, plaintiff will rely on only two of the patents in suit; namely, the Silberman Patent No. 2,437,793 and the Poux Patent No. 2,078,017; and that plaintiff waives the issue of infringement with respect to all other patents in suit.

V.

That, with respect to Silberman Patent No. 2,437,793, plaintiff will rely only on Claims 1 to 4, both inclusive, 13, and Claims 32 to 40, both inclusive; and that with respect to Poux Patent No. 2,078,017, plaintiff will rely only on Claims 1 to 4, both inclusive, and 16 and 17.

VI.

That printed copies of United States Letters Patent as issued by the United States Patent Office and photostatic copies of foreign patents as issued by the United States Patent Office can be used with the same force and effect as originals and subject to the right of any party to show to the contrary that the dates of filing and issuance, sealing and delivery printed upon said copies of said patents shall be taken as true and that translations of foreign patents as issued by the United States Patent Office may be used as true and correct translations of said foreign patents.

VII.

That file histories of Silberman Patent No. 2,-

437,793 [312] and Poux Patent No. 2,078,017 may be introduced in evidence without further foundation in lieu of certified copies of the file wrappers of such patents.

VIII.

That defendant may introduce into evidence without further foundation originals of letters received from Evans & McCoy, Bulkley Building, Cleveland 15, Ohio, and copies of letters sent to that firm by defendant, between May 17, 1947, and January 20, 1948.

IX.

That the documents heretofore produced by plaintiff and constituting Exhibits 1 through 7 to Plaintiff's Answers to Interrogatories Propounded by Defendant and served March 18, 1952, may be introduced in evidence without further foundation.

X.

That the photographs taken by plaintiff during the course of an inspection of defendant's premises on the 6th day of September, 1952, truly and accurately depict defendant's machines as they stood on such date subject to any explanation which either party may wish to give as to lighting, angles at which pictures were taken, etc. and the same may be received in evidence without further foundation.

XI.

That, if in the possession or control of plaintiff, plaintiff will produce an affidavit alleged to have been made by John T. Havekost, in which the as-

sertions are made that said Havekost was the first inventor of the matter disclosed and claimed in Silberman Patent No. 2,437,793; and that plaintiff will produce copies of every License Agreement relating to Silberman Patent No. 2,437,793 and Poux Patent No. 2,078,017, other than those annexed to Plaintiff's Answers to Defendant's Interrogatories so far as in the possession or control of plaintiff. [313]

XII.

List of Issues

The sole issues raised on behalf of plaintiff are the validity and infringement of Silberman Patent No. 2,437,793, particularly Claims 1 to 4, both inclusive, 13 and 32 to 40, both inclusive; and Poux Patent No. 2,078,017, particularly Claims 1 to 4, both inclusive, and Claims 16 and 17.

The issues raised on behalf of defendant are:

(a) *Unclean Hands*—This defense is based upon the assertion by defendant that David Silberman was not the true inventor of the entire subject matter of Silberman Patent No. 2,437,793; and that this patent was secured by deceit and fraud.

(b) *Misuse of Patents*—This defense is based upon allegations that plaintiff has used its patent position to intimidate, harass, and discourage competitors, to block and impede the development by others of the manufacture of slide fasteners and the constituent parts of machines and methods used in making slide fasteners, and has imposed upon competitors unfair and illegal licenses and agreements.

(c) Estoppel—This defense is based upon alleged admissions by an officer of the plaintiff, after inspection of defendant's plant, that defendant did not infringe any patents then owned by plaintiff, which admissions were made at a time when plaintiff knew that defendant was contemplating the expansion of defendant's plant, and that following the making of such admissions defendant incurred additional expenses in connection with the expansion of its plant.

Included in this defense is the allegation that David Silberman, the patentee of Patent No. 2,437,793, agreed with defendant, for a due and valid consideration, to refrain from asserting any rights against defendant under his said United States Patent. [314]

(d) Invalidity of the Patent Relied Upon by Plaintiff.

(e) That the Patentees of the Patents Relied Upon by Plaintiff Are Not the Original or First Inventors of the Material Disclosed and Claimed in Said Patents.

(f) That certain of the claims of Poux Patent No. 2,078,017 were first inserted in the then pending application more than two years after the public, including defendant, had acquired the right to the subject matter of such claims.

(g) Non-infringement.

In addition to its defenses, defendant has interposed a Counterclaim alleging that plaintiff has engaged in a continuous series of activities designed to restrain competition in, and to monopolize and

to attempt to monopolize the slide fastener industry, the cumulative effect of which has been to constitute a combination and conspiracy to restrain and monopolize and to attempt to monopolize trade and commerce among the several states and with foreign countries, and to lessen competition with plaintiff, all in violation of the Sherman Anti-trust Act and the Clayton Act.

Plaintiff denies defendant's allegations as set forth in the Answer and Counterclaim and as herein summarized.

LYON & LYON,

/s/ By CHARLES G. LYON,
Attorneys for Plaintiff.

FULWIDER, MATTINGLY &
BABCOCK,

/s/ By ROBERT M. FULWIDER,
Attorneys for Defendant. [315]

Approved and so Ordered.

/s/ JAMES M. CARTER,
United States District Court.

[Endorsed]: Filed March 30, 1953.

[Title of District Court and Cause.]

PLAINTIFF'S EXHIBITS

No. 1—In Evidence 3/1/55. Poux Patent in Suit, No. 2,078,017.

No. 2—In Evidence 3/1/55. Metal Strip.

No. 3—In Evidence 3/1/55. Silberman Patent in Suit, No. 2,437,793.

No. 4—In Evidence 3/1/55. Cardboard Chart of Claim 40 of Patent '793 Illustrating Structure.

No. 5—In Evidence 3/1/55. Machine for Producing Zippers (in custody of plfs. counsel).

No. 6—In Evidence 3/2/55. Deposition of Philip Lipson taken 3/18/52 and filed herein 7/18/52.

No. 6-1—In Evidence 3/2/55. Blueprint (Exh. 1 to Lipson Depos.).

No. 6-2—In Evidence 3/2/55. Blueprint (Exh. 2 to Lipson Depos.).

No. 6-3—In Evidence 3/2/55. Print (Exh. 3 to Lipson Depos.).

No. 6-4—In Evidence 3/2/55. Drawing (Exh. 4 to Lipson Depos.).

No. 6-5—In Evidence 3/2/55. Drawing (Exh. 5 to Lipson Depos.).

No. 6-6—In Evidence 3/2/55. Drawing (Exh. 6 to Lipson Depos.).

No. 6-7—In Evidence 3/2/55. Drawing (Exh. 7 to Lipson Depos.).

No. 6-8—In Evidence 3/2/55. Drawing (Exh. 8 to Lipson Depos.).

No. 6-9—In Evidence 3/2/55. Drawing (Exh. 9 to Lipson Depos.).

No. 6-10—In Evidence 3/2/55. Drawing (Exh. 10 to Lipson Depos.).

No. 6-11—In Evidence 3/2/55. Drawing (Exh. 11 to Lipson Depos.).

No. 6-12—In Evidence 3/2/55. Drawing (Exh. 12 to Lipson Depos.).

No. 6-13-A to 6-13-L Incl.—In Evidence 3/2/55.

Photographs (Exhs. 13-A to 13-L, Inc. to Lipson Depos.).

No. 6-14—In Evidence 3/2/55. Print (Exh. 14 to Lipson Depos.).

No. 6-15—In Evidence 3/2/55. Sketch (Exh. 15 to Lipson Depos.).

No. 7—In Evidence 3/3/55. Agreement, 7/16/45, Between Talon & Cap-Tin & Silberman (Exhibit to Plfs. Ans. to Defts. Interrogs.) (Pgs. 57 to 65 incl.).

No. 8—In Evidence 3/3/55. Agreement, 4/18/49, between Silberman & Talon (Exhibit to Pltfs. Ans. to Defts. Interrogs.) (Pgs. 43 to 56, incl.).

No. 9—In Evidence 3/3/55. Agreement, 12/16/46, between Silberman, Charm Slide & Lightning Fasteners, Ltd.

No. 10—In Evidence 3/3/55. Agreement 12/31/47, between Silberman & Companhia Brasileira De Metais.

No. 11—In Evidence 3/3/55. Agreement, 1/1/40, between Talon & Conmar Products (Exhibit to Plfs. Ans. to Interrogs., Pgs. 79 to 89, incl.). [316]

No. 12—In Evidence 3/3/55. Agreement, 6/7/51, between Talon & Conmar Products (Exhibit to Plfs. Ans. to Defts. Interrogs., Pgs. 90 to 94, incl.). (Filed 5/8/52.)

No. 13—In Evidence 3/3/55. Sundback Patent, No. 1,467,015 (same document as Defts. M).

No. 14—In Evidence 3/4/55. Report of McKee to Meech, 4/29/48 (Exh. 3 to Plfs. Ans. to Defts. Interrogs., Filed 5/8/52, Pg. 69—two sheets).

No. 5-A—In Evidence 3/8/55. Metal Strip, with pointed tip, taken from Plfs. Exh. 5.

No. 5-B—In Evidence 3/9/55. Metal Closing Jaw, taken from Plfs. Exh. 5.

No. 5-C—In Evidence 3/9/55. Metal Closing Jaw Housing, taken from Plfs. Exh. 5.

No. 15—For Identification 3/10/55. In Evidence 3/11/55. Copy Letter, 8/12/55, to Union Slide Fastener Co., Inc. (name of sender not indicated).

No. 5-D—In Evidence 3/10/55. Two-Piece Punch, taken from Exh. 5.

No. 16—In Evidence 3/11/55. Copy of Findings of Fact & Concls. of Law, Case of Conmar Mfg. Co. v. Lamar Slide Fastener, U. S. Dist. Court, So. Dist. of N. Y.

No. 17—In Evidence 3/11/55. Agreement, 4/7/44, between Cap-Tin Development Co. & Queen Mfg. Co. (pages 15 to 21, incl., of Plfs. Ans. to Defts. Interrogs. filed 2/19/53).

No. 18—For Identification 3/11/55. In Evidence 3/11/55. Letter, 8/11/48, to Sigmund Loew & Union Slide (name of sender not indicated).

No. 19—For Identification 3/11/55. In Evidence 3/11/55. Chart re Poux Patent, '017, Claim 17.

No. 20—For Identification 3/11/55. In Evidence 3/11/55. Chart re Silberman Patent, Claim 37.

No. 21—For Identification 3/11/55. In Evidence 3/11/55. Chart re Silberman Patent, Claim 40.

No. 22—In Evidence 3/15/55. Ulrich Patent, No. 2,221,740. [317]

DEFENDANT'S EXHIBITS

No. A—For Identification 3/3/55. Zipper Chain.

No. B—For Identification 3/3/55. Zipper Chain.

No. C—For Identification 3/3/55. Zipper Chain.

No. D—For Identification 3/3/55. In Evidence 3/11/55. Die Punch.

No. E—In Evidence 3/3/55. Sundback Patent, No. 1,331,884.

No. F—In Evidence 3/3/55. Sundback Patent, No. 1,947,956.

No. G—In Evidence 3/3/55. Smith Patent, No. 1,533,352.

No. H—In Evidence 3/3/55. Johnson Patent, No. 1,731,667.

No. I—In Evidence 3/4/55. Hommel Patent, No. 1,659,266.

No. J—In Evidence 3/4/55. Binns Patent, No. 2,026,413.

No. K—In Evidence 3/4/55. Taberlet Patent, No. 2,294,253.

No. L—In Evidence 3/4/55. Wintritz Patent, No. 2,201,068.

No. M—In Evidence 3/4/55. Sundback Patent, No. 1,467,015 (same document as Plfs. 13).

No. N—In Evidence 3/4/55. Murphy Patent, No. 1,664,880.

No. O—In Evidence 3/4/55. Loew Patent, No. 2,444,706.

No. P-1—In Evidence 3/4/55. Letter, 5/17/47, McCoy to Union Slide Fastener Co.

No. P-2—In Evidence 3/4/55. Letter, 6/16/47, Union Slide to Evans & McCoy.

No. P-3—In Evidence 3/4/55. Letter, 9/15/47, McCoy to Loew.

No. P-4—In Evidence 3/4/55. Letter, 9/23/47, Union Slide to Evans & McCoy.

No. P-5—In Evidence 3/4/55. Letter, 9/26/47, McCoy to Lipson.

No. P-6—In Evidence 3/4/55. Letter, 11/12/47, McCoy to Union Slide.

No. P-7—In Evidence 3/4/55. Letter, 11/20/47, Union Slide to Evans & McCoy.

No. P-8—In Evidence 3/4/55. Letter, 6/22/48, Union Slide to McKee (Defts. Exh. 1-H to Depos. of Loew).

No. P-9—In Evidence 3/4/55. Letter, 6/25/48, McKee to Sigmund Loew (Defts. Exh. 1-I to Depos. of Loew).

No. P-10—In Evidence 3/4/55. Letter, 1/20/48, McCoy to Union Slide.

No. Q—In Evidence 3/4/55. Deposition of Sigmund Loew, taken 11/25/52 and filed herein 3/4/55.

No. R—For Identification 3/4/55. In Evidence 3/4/55. Assignment, 8/22/49, Havekost to Silberman (Exhibit 2 to Plfs. Ans. to Interrogs., pg. 68.) (Filed 5/8/52.)

No. S—In Evidence 3/4/55. List of Patent Suits Filed by Talon (Exh. 4 to Plfs. Ans. to Defts. Interrogs., pages 70, 71 & 72). (Filed 5/8/52.)

No. T—In Evidence 3/4/55. Two releases & a Stipulation, being pages 73 to 76 of Plfs. Ans. to Defts. Interrogs. as part of Exh. 5, filed 5/8/52.

No. U—In Evidence 3/4/55. Agreement, 11/21/49, between Talon, Star & Ridgewood (pages 119 to 132 of Exh. 5 to Plfs. Ans. to Defts. Interrogs). (Filed 5/8/52.) [318]

No. V—In Evidence 3/4/55. Agreement, 6/12/47, between Talon, Slidelock & Max Lange (pages 105 to 115, incl., of Exhibit 5 to Plfs. Ans. to Defts. Interrogs., filed 5/8/52.

No. W—In Evidence 3/4/55. Agreement, 5/10/50, between Talon & Waldes Koh-I-Noor (pages 133 to 137, incl., of Exhibit 5 to Plfs. Ans. to Defts. Interrogs.). (Filed 5/8/52.)

No. X—In Evidence 3/8/55. Agreement, 10/6/38, between Talon & Joy Mfg. Co. (pages 95 to 104, incl., of Exh. 5 to Plfs. Ans. to Defts. Interrogs.) (Filed 5/8/52.)

No. Y—In Evidence 3/8/55. Stipulation & Final Decree in Case of Talon v. Carney Fasteners, Inc. (pages 116 to 118, incl., of Exh. 5 to Plfs. Ans. to Defts. Interrogs.). (Filed 5/8/52.)

No. Z—In Evidence 3/8/55. List of Holders of Licenses from Plaintiff (page 139, Exh. 7 to Plfs. Ans. to Defts' Interrogs.). (Filed 5/8/52.)

No. AA—In Evidence 3/8/55. Agreement, 6/19/45, between Prentice Mfg. Co., Cap-Tin Development Corp. & Silberman (pages 32 to 48, incl., of Exh. 10 to Plfs. Ans. to Defts. Interrogs.). (Filed 2/19/53.)

No. AB—In Evidence 3/8/55. Agreement, May, 1946, between Charm Slide Fastener, Silberman, Slidelock & Lange (pages 49 to 55, incl., of Exh. 11 to Plfs. Ans. to Defts. Interrogs.). (Filed 2/19/53.)

No. AC—In Evidence 3/8/55. Agreement, 5/22/45, between Talon & Universal Slide Fastener Co.

No. AD—In Evidence 3/8/55. Agreement, 8/9/45, between Talon & Strauss Fasteners, Inc.

No. AE—In Evidence 3/8/55. Agreement, 5/7/48, between Talon & Marvel Slide Fastener Corp.

No. AF—In Evidence 3/8/55. Agreement, 10/29/46, between Talon & Hared Fastener Co.

No. AG—In Evidence 3/8/55. Agreement, 6/1/45, between Talon & Rex Slide Fastener Co., et al.

No. AG-1—In Evidence 3/10/55. Agreement, 9/2/47, between Talon & Rex Slide, et al.

No. AH—In Evidence 3/8/55. Agreement, 6/1/34, Hookless Fastener Co. & American Fastener Co., et al.

No. AH-1—In Evidence 3/8/55. Letter, 6/9/50, American Fastener Co. to Talon.

No. AH-2—In Evidence 3/8/55. Letter Agreement, 7/7/38, between Talon, American Fastener Co. & Sterling Novelty Mfg. Co.

No. AI—In Evidence 3/8/55. Deposition of Wilbur B. Jager, taken 11/25/52, filed herein 12/8/52.

No. AJ—In Evidence 3/8/55. Deposition of C. F. Detweiler, taken 11/25/52. Filed herein 1/8/53.

No. AK—In Evidence 3/8/55. Deposition of Robert Eisenberg, taken 11/25/52 (copy).

No. AL—In Evidence 3/8/55. Deposition of Isadore O. Napp, taken 11/25/52. Filed herein 12/10/52.

No. AM—For Identification 3/8/55. In Evidence 3/11/55. Deposition of John T. Havekost, taken 11/27/54. Filed herein 1/17/55.

No. AM-1—For Identification 3/8/55. In Evidence 3/11/55. Exh. 1 to Depos. of John T. Havekost—Assignment, 12/8/48, Havekost to Max H. Lange.

No. AM-2—For Identification 3/8/55. In Evidence 3/11/55. Exh. 2 to Depos. of John T. Havekost—an Affidavit of John Havekost, dated Dec., 1948.

No. AM-3—For Identification 3/8/55. In Evidence 3/11/55. Silberman Patent No. 2,437,793 (copy)—(Exh. 3 to Depos. Havekost.)

No. AN—In Evidence 3/8/55. Deposition of William Wray, taken 2/25/55. Filed herein 3/1/55.

No. AO—In Evidence 3/8/55. Piece of Metal described as an ejector.

No. AP—In Evidence 3/8/55. Ram block & punch holder block, metal (returned to custody of Deft.)

No. AQ—In Evidence 3/8/55. Sketch by witness Lipson.

No. AR—In Evidence 3/9/55. Part taken from defendant's machine (element closing jaw, with lip)

No. AS—For Identification 3/9/55. In Evidence 3/9/55. Metal punch from machine of California Slide Fastener Co.

No. AT—For Identification 3/9/55. In Evidence 3/9/55. Metal punch from defendant's machine.

No. AU—For Identification 3/9/55. In Evidence 3/9/55. Drawing by witness Lipson illustrating strip progression of Silberman.

No. AV—For Identification 3/9/55. In Evidence 3/9/55. Drawing by witness Lipson illustrating strip progression of Defendant's machine.

No. AW—For Identification 3/9/55. In Evidence 3/9/55. Drawing by witness Lipson illustrating closing jaw of Silberman machine in action.

No. AX—For Identification 3/9/55. In Evidence 3/9/55. Zipper Chain.

No. AY—For Identification 3/9/55. In Evidence 3/9/55. Zipper Chain.

No. AZ—In Evidence 3/9/55. Defendant's machine (accused) in custody of Deft.

No. AZ-1—In Evidence 3/9/55. Vacuum container portion of Exh. AZ. [320]

No. BA—In Evidence 3/9/55. Defendant's "Top-Stop" machine (in custody of Deft.).

No. BB—In Evidence 3/9/55. A Talon Zipper #3.

No. BC—In Evidence 3/9/55. A Talon Zipper #5.

No. BD—In Evidence 3/9/55. Plastic Zipper.

No. BE—For Identification 3/10/55. In Evidence 3/11/55. Letter, 2/4/52, Loew to Lipson.

No. BF—In Evidence 3/10/55. Sundback Patent, No. 1,434,857.

No. BG—In Evidence 3/10/55. Wintriss Patent, No. 2,336,662.

No. BH—In Evidence 3/10/55. Ulrich Patent, No. 2,370,380.

No. BI—In Evidence 3/10/55. Poux Patent, No. 2,169,176.

No. BJ—In Evidence 3/10/55. Behrens Patent, No. 2,267,783.

No. BK—In Evidence 3/10/55. File History of Poux Patent, '017.

No. BL—In Evidence 3/10/55. File History of Silberman Patent, '793.

No. BM—For Identification 3/15/55. In Evi-

dence 3/15/55. Agreement, 9/27/47, between Union Slide, Loew & Lipson.

No. BN—For Identification 3/15/55. Schedule of Defendant's Damages.

No. BO—For Identification 3/15/55. In Evidence 3/15/55. Statement of Services Rendered, 2/28/55. William J. Graham to Union Slide.

No. BP—For Identification 3/15/55. In Evidence 3/15/55. Statement of Services Rendered, 3/9/55, William J. Graham to Union Slide.

No. BQ—In Evidence 3/15/55. Statement, 3/8/55, Biltmore Hotel to William J. Graham.

No. BR—In Evidence 11/14/55. Deposition of Isadore Napp, taken.

No. BS—In Evidence 11/14/55. Deposition of William Hepworth, taken.

No. BT—For Identification 8/2/56. In Evidence 8/2/56. Legat Patent, No. 2,116,726.

No. BU—For Identification 8/2/56. In Evidence 8/2/56. Ulrich Patent, No. 2,302,075.

No. BV—For Identification 8/2/56. In Evidence 8/2/56. Ulrich Patent, No. 2,338,884.

No. BW—For Identification 8/2/56. In Evidence 8/2/56. Prentice Patent, No. 2,116,712.

No. BX—For Identification 8/2/56. Thayer Patent, No. 322,997; objected to by Plf.—Ct. sustained obj.

No. BY—For Identification 8/2/56. In Evidence 8/2/56. Atty. Graham's Time Record.

No. BZ—For Identification 8/3/56. Affidavit Schmeiling.

No. CA—For Identification 8/3/56. Affidavit Bean.

No. CB—For Identification 8/3/56. Affidavit
Fulwider. [321]

[Title of District Court and Cause.]

AMENDMENT TO REPLY TO DEFENDANT'S
COUNTER-CLAIM

XIV.

Further answering said counter-claim and as a further and separate complete defense thereto plaintiff alleges that any and all claims, demands or causes of action attempted to be set forth in said counter-claim or in any paragraph or subparagraph thereto, as well as any parts or portions of such claims, demands or causes of action which accrued:

(a) more than one year prior to the date of filing of said counter-claim are barred by the provision of subdivision 1 of section 340 of the Code of Civil Procedure of California;

(b) more than three years prior to the filing of the counter-claim in this action are barred by the provisions [322] of subdivision 1 of section 338 of the Code of Civil Procedure of California;

(c) more than four years prior to the filing of the counter-claim in this action are barred by the provisions of section 343 of the Code of Civil Procedure of California.

March 8, 1955.

LYON & LYON,
/s/ By LEONARD S. LYON.

[Endorsed]: Filed March 8, 1955.

[Title of District Court and Cause.]

AMENDMENT TO DEFENDANT'S AMENDED
ANSWER AND COUNTERCLAIM

13. That defendant be awarded attorney's fees and expenses of litigation, including preparation therefor as a part of the general damages prayed or as special damages.

March 15, 1955.

ALLAN D. MOCKABEE,
WILLIAM J. GRAHAM,
/s/ By ALLAN D. MOCKABEE,
Attorneys for Defendant. [324]

[Endorsed]: Filed March 15, 1955.

[Title of District Court and Cause.]

MEMORANDUM TO COUNSEL

I.

Validity and Infringement

The case has been ably briefed. The court considers the "Charts and Analysis" filed by Lipson on November 25, 1955, as a brief only and permits it to remain in file. Contrary to the contentions of Talon's able attorneys, the court finds Lipson's brief to be very helpful. He is a skilled mechanic, has had long experience in, and has made real contributions to the zipper art in the improvements designed for defendant's machines and has a wide knowledge and understanding of the art in the

zipper field. The court has found him truthful, frank and conservative in his testimony and accurate in his analysis in his brief.

The field concerning the zipper art is a crowded one. The basic and generic patent is not Poux '017. Probably Sundback 1,331,884 made the greatest contribution. Most present manufacturers lean on Sundback '884. Naegle and others had taught how to make zipper units which were subsequently placed on the tape in another operation. Sundback '884 made great steps forward toward the solution of [325] the problem of doing the whole job in one operation. The court generally agrees with Lipson's analysis pp 27-49 of his brief.

Other contributions were:

Johnson	1,731,667
Binns	2,026,413
Smith	1,533,352
Legat	2,116,726
Ulrich	2,221,740, 2,302,075, 2,370,380 and 2,338,884.

Poux '017 came at a time in the art when machines were making zipper units and other machines were used to attach them to the tape. Sundback '884 had already invented a machine which performed both functions.

Poux '017 did not solve a problem. It merely stated the problem, and what the method or a machine based thereon would do. This is not sufficient, *Halliburton Co. v. Walker* [1946] 329 U.S. 1, at 9. Poux '017 says, "I have a method to make and at-

tach zippers by one machine." The illustrated machine omitted various parts, but any mechanic could have supplied them from the mechanical arts. But the machine would not be operative.¹

For example, before the age of the automobile, carriages and engines were both known. It would not have been invention for a person to say, "I have a method to combine an engine and a carriage and have an auto-mobile carriage," unless his method would work. He would be only stating a problem or a result. Poux stated he proposed to sever the unit as it was "united with the tape." Sundback '884 did not show this particular matter but other prior art did.

But under the Poux '017 method, a machine so [326] constructed would not work or operate. Thirteen years later Silberman '793 claimed he used the Poux method. Meanwhile much had been added to the art.

To our mind the supposed Poux method means nothing. It proposes to solve a problem on paper, stating the method will constitute the making of

¹ The machine shown therein would not be workable,

(a) the indentation below the rod would keep the rod from moving forward;

(b) the cutting device (23) will not work horizontally;

(c) the anvil (25) opposite (23) is fashioned to constitute a shearing result and is not positioned so as to hold the end pieces (26) while the legs are being fastened to the strip. The spreader (27) will create a problem if the cutter (23) is moved into a vertical position.

zipper units and attaching them to a tape by the use of a single machine. Anyone could suppose such a method, but if the means illustrated to perform the method, would not work, there is no invention. This is not contra to the rule that if the method is good, various means can be used to accomplish it. *Cochrane v. Deener*, 94 U.S. 780, states the method must be useful. *Expanded Metal Co. v. Bradford*, 214 U.S. 366, holds a method patent must show how "the method of the patent can be put in operation." If the method works, varying some of the means will not avoid infringement. But the method must work or there is not sufficient disclosure to permit the granting of a patent. Lipson's "dog story" is most appropriate.

No wonder Talon never brought Poux '017 to a court determination as to validity and invention! It would not have held up.

Silberman '793 is invalid in view of prior art in a crowded field. All elements of Silberman '793 are shown in the prior art. No new result was accomplished. It is an aggregation and not a combination.

Silberman '793 and Ex. 5, the plaintiff's machine, are not the same machine;² nor is Silberman '793

² Ex. 5, has features not found in the patent:—

- (a) Spring bars on top
- (b) The lip on the closing jaw
- (c) The ejector die to prevent zippers bunching up, Ex. 5a
- (d) No "V" shaped ram
- (e) Spacing device between fasteners
- (f) Vacuum chip clearer.

and the accused machine the same.³ Silberman '793 is not the machine described in Poux '017.

Certain sequence of events, called attention to by Lipson, are important. Prior to July 16, 1945, Meech of Talon claimed to have examined a '793 machine and to have [327] seen it operate at high speeds.⁴ Three years later, on June 3, 1948, Talon paid \$10,000 for an option to buy '793 from Silberman and later paid an additional \$65,000.

³ Lipson (and defendant) claims license under the Loew patent, Ex. O. This is not a defense in view of Loew's dates.

As we read the Loew patent, the only thing new is the elimination of the means for threading the metal strip through intermittently. In Loew, the device of knarled wheels is eliminated and a means provided with a sliding section, which is part of the lower die block and a reciprocating finger which engages an embryo cavity. The cutting device on Loew results in pointed apexes on the strip, with the result that a square shouldered zipper results, Ex. AX, instead of a round shouldered zipper as in Ex. AY from the California Slide Co., which used so-called "Silberman" machines. Plaintiff's machines also result in round shouldered zippers.

Even though defendant cannot rely on the Loew patent as a defense, the defendant's machines are turning out a different kind of zipper. Defendant's machines do not infringe Silberman '793, since a different result is obtained. The square shouldered zipper from defendant's machines serves a useful purpose in ease and efficiency in operation.

⁴ The contention is that the Silberman machine was the first high speed machine. But the machine would not operate at high speed without the improvements shown in note 2 which are not in the Silberman patent, '793. The "V" shaped ram in Silberman '793 would prevent sustained high speed operation because of over heating.

The option was taken about ten weeks after McKee in April 1948 had examined defendant's machines. The notes made by McKee on his return (Ex. 14) are revealing as showing his interest in defendant's operations, and yet they contained no information that he observed any infringing activities. Instead he had made oral statements to the contrary, to Loew in Lipson's hearing. The court believes that the improvements made by Lipson and observed by McKee, caused Talon to decide to buy Silberman '793.

A mere inspection of plaintiff's own charts, as to Silberman '793, Exs. 20 and 21, will show that every element in Silberman was present in the prior art. However, even the charts are misleading, in that Talon's expert witness admitted that the charts were not strictly correct. As the court recalls as to Ex. 21, there was an admission that the column involving Sundback '884 should have read "yes" instead of "no" on items 6 and 7.

In Talon's chart prepared on Poux (Ex. 19) there was a clear admission by Talon's expert witness that the column showing Johnson '667 should have had the word "yes" on items 1, 2 and 3 instead of "no." With this addition of course, plaintiff's own Ex. 19 would show that everything in Poux was present in the prior art.

The file wrappers on Poux '017 (Ex. BK) and Silberman '793 (Ex. BL) are revealing. They show references to various of the prior art. For example in the Poux file wrapper, are shown references by the examiner to Johnson '667, Sundback '857,

Hommel '266, Lamb '990 and Smith '352. The Smith reference is interesting in that Talon has contended that since Smith '352 involved paper box fasteners, it was [328] in a different field of art. It will be noted however, that the examiner picked it up and cited it. Murphy '480, Sundback '956, Prentice '712, are also cited. In Ex. BL, the file wrapper of Silberman '793, references were Barrons '783, Prentice '712, Legat '726. In fact the references in excess of thirty show how crowded was the art.

In both file wrappers, the arguments advanced by the applicant to show patentability over the references, in many cases have little or no relationship to the contentions made at the trial by the plaintiffs in urging validity of the claims.

We hold, (1) Poux '107 is invalid, (a) for lack of invention over the prior art and (b) because it does not teach a workable method; (2) Silberman '793 is (a) invalid in view of the prior art and (b) is an aggregation from the prior art and not a combination bringing about a new result; (3) That Talon's proof fails on the issue if Silberman's '793 ever operated; (4) That the accused machine is not essentially '793. That Talon's Ex. 5 is not essentially '793; (5) That defendant has not infringed '017 or '793.

II.

Dealings with McKee and Silberman License — Estoppel

The court has found Lipson a creditable witness. He frankly made admissions even where they hurt.

The court credits Lipson and not Loew or other witnesses, in matters where they conflict.

The Silberman patent was issued on March 16, 1948. That spring, in Europe, Lipson heard about it. It was assigned to Talon on April 19, 1949. Silberman was Talon's predecessor in interest.

Sec. 261 U.S.C. 35, speaks of "assignment, grant [329] or conveyance." It does not refer to license. The purchaser of a patent takes it subject to existing licenses. Walker on Patents, Sec. 381.

Consent to use is a license, DeForrest Radio Tel. Co. v. United States, [1927] 273 U. S. 236, 241. The case has been extensively cited. It is still the law.

Silberman '793

In August 1948, Silberman said in substance to Lipson, "Sell your machines anywhere in the world except Europe and I'll not sue you over the patent." [R 806-807]

Defendant had tied up \$25,000 on 10 machines for Europe [R 807]. Following the talk with Silberman defendant did not sell or ship machines to Europe [R 811]. This was because of Silberman's statement [R 812-814] though defendant had fairly good prospects for sales on a European market, [R 814]. No machines were therefore ever sold in Europe by defendant. [R 824]

The court considers there was sufficient evidence to constitute a permission to use or a license, DeForrest, *supra*; and further that there was reliance on, and change of position because of Silberman's statements, to defendant's prejudice and hence estoppel.

Equitable estoppel is defined in *Dickerson v. Colgrove*, 100 U. S. 578, 580, 25 L. Ed. 618:

“* * * The vital principle, is, that he who, by his language or conduct, leads another to do what he would not otherwise have done, shall not subject such person to loss or injury by disappointing the expectations upon which he acted. Such a change of position is sternly forbidden * * *” [330]

For the application of the doctrine in a patent case see *Lukens Steel Co. v. American Locomotive Co.*, [2 Cir. 1952] 197 F. 2d 939 at 940-41.

Poux '017

McKee, an official of Talon, came to Los Angeles on about April 15, 1948. Talon then held Poux '017 but not Silberman '793. It took the option to buy Silberman '793 in June 1948. However, it secured a license on July 16, 1945 for the life of the patent to be issued. [Ex. 7].

Lipson stated McKee told Loew in Lipson's hearing that McKee found no infringement of Talon patents. [R 835]. McKee's report on his return [Ex. 14] confirms, in that it has no indication that he told Loew or Lipson that defendant infringed. Defendant relied on that statement and continued work on the machines it was manufacturing. It expanded facilities [R 837] and Lipson himself would have otherwise sued Loew for fraud and the return of his investment. Later Lipson purchased Loew's interest on the strength of McKee's statement. [R 838].

Although the court cross examined Lipson [R

838 et seq.] and Lipson made frank replies that he might otherwise had expanded the business, still there is sufficient to show reliance and estoppel. Defendant, for instance, did not then employ patent counsel, in reliance on McKee's statement. [R 840] And the witness said categorically that he would not have expanded or continued to operate until he was sure they didn't infringe if it had not been for McKee's statement [R 840-841].

Many of the questions and answers contained "he", "we", "I". But Lipson had an interest in the business at that time and later in further reliance, bought out Loew. We find Lipson was speaking for the defendant corporation as well as himself. [331]

The Exhibits P-1 to P-10 inclusive, show a series of correspondence between attorneys for plaintiff Talon, and the defendant Union Slide, concerning alleged infringement. They start with May 17, 1947 and end January 20, 1948, when defendant was advised that McKee, an official of Talon, would come to the west coast within the next few months.

McKee came about April 15, 1948, and on his return prepared a memorandum of his California visit to the defendant's plant, Ex. 14, dated April 29, 1948. Although in the memorandum McKee describes plaintiff's operations for the benefit of officials of his company, there is no intimation that he found infringement.

Talon claims that Ex. 15, dated August 12, 1948, being a letter by Burkitt, Silberman's attorney, constitutes notice of infringement. It is a one line

letter and only encloses a copy of a patent, apparently Silberman '793. Ex. 18, a letter from Burkitt to defendant charging infringement, was written in behalf of "my clients David Silberman and Charm Slide Fastener Corp.," and dated August 11, 1948.

Moreover, the court is convinced and finds that both letters were written prior to Silberman's visit and prior to the conversation of Silberman with Loew and Lipson which occurred about August 15th of 1948. It was the letter, Ex. 18, which lead to the conversations.

Talon's statement that a license issued without consideration may be revoked at will, *Frank Associates Inc. v. Columbia Narrow Fabric Co.*, 33 F. Supp. 279, 283, states the law as far as it goes. But once reliance and change of position occurs, then equitable estoppel intervenes and the license or promise cannot be withdrawn. [332]

We think there is ample evidence of reliance and change of position and that plaintiff is estopped to contend infringement of Poux '017 or Silberman '793.

Plaintiff took the patent in 1949 subject to the license and subject to the defense of estoppel for any patent infringement. *Keystone Type Foundry Co. v. Fastpress Co.* [2 Cir.] 272 Fed. 242.

III.

Silberman Was Not the Sole Inventor of '793
and Therefore '793 Is Invalid

The court reserves the right inherent in all per-

sons, including judges, to change its mind, *McGrath v. Kristensen* [1950] 340 U. S. 162, 177-178. After further study it finds Silberman was not the sole inventor of '793 but that it was, at least in part, the work of Havacost. Havacost was a skilled mechanic. (Ex. AM, pp 2-13). Silberman gave little instruction. (p. 13). Havacost designed a high speed zipper machine while employed by Zenith Corporation. Silberman was the principal shareholder.

Since Silberman claimed he was the sole inventor of '793, and since we find he was not, the patent is invalid.

IV.

Unclean Hands and the Antitrust Laws

We have heretofore found Talon's patents, Poux '017 and Silberman '793, as to the claims involved herein, invalid and not infringed.

Alternatively we find that even if the claims of such patents are valid, and that defendant does infringe, still relief should be denied Talon because it has unclean hands. [333]

The possession of a patent gives no blanket exemption from the operation of the Antitrust laws. "It is equally well settled that the possession of a valid patent or patents does not give the patentee any exemption from the provisions of the Sherman Act beyond the limits of the patent monopoly," (citing cases) *United States vs. Line Materials Co.* [1948] 333 U. S. 287, 308, and "The monopoly granted by the patent laws is a statutory exception to this freedom for competition and consistently has been construed as limited to the patent grant.

Ethyl Gasoline Corp. v. United States, 309 U. S. 436, 452, 455; United States v. Univis Lens Co., 316 U. S. 241; Hartford-Empire Co. v. United States, 323 U. S. 386. It is not the monopoly of the patent that is invalid. It is the improper use of that monopoly * * *", Line Materials case, *supra*, p. 310.

Control of prices by patent pools has been condemned. United States v. U. S. Gypsum [1948] 333 U. S. 364, held that conspiracies to control prices and distribution are beyond any patent privilege regardless of the motives of the parties (p. 391-393) and that the use of patents to stabilize prices on unpatented items is improper. (p. 399).

Although, "where a conspiracy to restrain trade or an effort to monopolize is not involved, a patentee may license another to make and vend the patented device with a provision that the licensee's sale price, shall be fixed by the patentee," (quoting from U. S. v. Line Material Co. [1948] 333 U. S. 287, and its explanation of U. S. v. General Electric Co. 272 U. S. 476), nevertheless two or more patentees may not legally combine their valid patents and control sales prices for their benefit, U. S. v. Line Materials Co. *supra*. U. S. v. U. S. Gypsum Co. [1948] 333 U. S. 364. [334]

"* * * Even in Standard Oil Co. v. United States, 283 U. S. 163, where an arrangement by which the patentees pooled their oil cracking patents and divided among themselves royalties from licensees fixed by the pooling contracts was upheld, the theory was reiterated that a price limitation for the product was unlawful per se. PP 170, 173, 175.

Of course, if a purpose or plan to monopolize or restrain trade is found, the arrangement is unlawful. P. 174." United States v. Line Material Co., 333 U. S. 287 at 313 [emphasis supplied].

Using patents to secure royalties on, or to compel sales of unpatented materials has been condemned. *Transparent-Wrap Machine Corp. vs. Stokes & Smith Co. [1947] 329 U. S. 637*, held that the inclusion of improvement patents in an exclusive licensing contract was not per se illegal and unenforceable, but the court also said, "** * ** In a long and consistent line of cases the Court has held that an owner of a patent may not condition a license so as to tie to the use of the patent the use of other materials, processes or devices which lie outside of the monopoly of the patent. (citing cases) ** * **" (p. 640). [emphasis supplied]

In *Carbice Corp. v. Amer. Patents Corp. [1931] 283 U. S. 27 at 31*, the court said that the patentee "may not exact as the condition of a license that unpatented materials used in connection with the invention shall be purchased only from the licensor; and if it does so, relief against one who supplies such unpatented materials will be denied. ** * ** The limited monopoly to make, use and vend an article may not be 'expanded by limitations as to materials and supplies necessary to the operation of it. *Motion Picture Patents Co. v. Universal Film Mfg. Co., 243 U. S. 502, 515.* Compare *United Shoe Machinery Corp. v. United States, 258 U. S. 451, 462; [335] United States vs. General Electric Co., 272 U. S. 476, 492 * * **". To same effect *Leitch Mfg. Co. v. Barber Co. [1938]*

When a licensee's contract provides that royalties shall be paid on unpatented articles, "such an arrangement in purpose and effort increased the area of the patent monopoly and is invalid." *United States vs. U. S. Gypsum Co.* [1948] 333 U. S. 364, 397.

The fact that the control exercised over an unpatented article is not in itself a restraint of trade or a monopoly is not decisive of the question. In the *Transparent-Wrap Machine Co.* case, *supra*, the court said, "Though control of the unpatented article or device falls short of a prohibited restraint of trade or monopoly, it will not be sanctioned. *Morton Salt Co. v. Suppiger Co.*, *supra*. For it is the tendency in that direction which condemns the practice and which, if approved by a court either through enjoining infringement or enforcing the covenant, would receive a powerful impetus. *Id.* * * *" (p. 641) "Thus where the use of unpatented materials is tied to the use of a patent, a court will not lend its aid to enforce the agreement though control of the unpatented article falls short of a prohibited restraint of trade or monopoly. *Morton Salt Co. v. Suppiger Co.*, *supra* * * *" (p. 645).

See, generally *Standard Sanitary Mfg. Co. v. United States* [1912] 226 U. S. 20; *United Shoe Mach. Co. v. United States* [1922] 258 U. S. 451; *Lord v. Radio Corporation of America* [D. C. Del. 1928] 24 F. 2d 565, 566-67; *aff.* 28 F. 2d 25, *cert. den.* 278 U. S. 648, *decree* 35 F. 2d 962, *aff.* 47 F. 2d 606.

The Antitrust laws may be used as a sword or a shield. The attempt of the defendant to invoke them here, as a sword, fails because of lack of proof of damage and [336] causation. We believe however, if properly pleaded, they are here available as a defense, *Morton Salt Co. v. Suppiger Co.* [1942] 314 U. S. 488. The court generally agrees with defendants' analysis on pages 15 to 35a of counsel's brief, in connection with the violation of the Antitrust laws. The defendants' defense is that there has been a misuse of patents in violation of the Antitrust laws sufficient to constitute a defense under the doctrine of unclean hands. We believe the defense has been made out.

There is no doubt as to the part of the market controlled, or attempted to be controlled, by Talon prior to World War II. Talon then had 60% of the market and its biggest competitor was Conmar with 25% of Talon's 60%, i.e. 15%. Under the Conmar contract the patent pool affected approximately 75% of the market. Following the war, Talon's percentage of production was, according to its witnesses, down to about 30% of the market but it was still the largest zipper maker in the country and still held a dominant position in the market. Its influence was further increased by the patent pool resulting from the various license agreements. But as shown by the cases above, actual control is not necessary to the defense of Antitrust violation or unclean hands.

Talon's activities must not be scrutinized piecemeal, but as a whole. The American agreement

(Ex. AH) was clearly illegal. It antedated Poux '017, and was received in evidence solely on the question of intent. Many of its provisions carried over beyond the issuance of Poux. The conference in Los Angeles, many years later, where representatives of Talon attempted to maintain price control, is further evidence of this continuing [337] intent.

The licensing contracts demonstrate the **quota** system used by Talon. A certain amount of production might be royalty free but if a competitor got too big the royalty rate increased.

In ordinary business, royalties would continue on at either the same rate on the increased production, or if there was any variation would ordinarily decrease as production increased. However, in various of the licensing contracts executed by Talon, after the allowance of a certain royalty free quota there was an increased rate of royalty as production increased. It is axiomatic that such a reduction could have had no effect but to operate to curtail production and the plaintiff's contention that the royalty free quotas were never exceeded is subject to the inference that one reason could well have been that it was unprofitable to produce beyond the quota and pay the increasing royalty rates, and that licensees did not exceed free quota limits for that reason.

Many of the agreements settled a suit filed by Talon. None of the suits were ever allowed to go to contested decree to determine the validity of Talon's patents. Generally Talon granted the right

to use its patents and took a corresponding right to use the other parties' patents. But the other party usually paid royalties, over a certain free production, to Talon. Talon never paid royalties on other patents. Usually the other party who became entangled with Talon was obligated to pay royalties on all production whether under Talon patents or not.

Conmar Contract #1, Ex. 11, (Sec. 4, p. 83) tied Conmar's quota to 25% of Talon's production, with variations. Conmar was the number one competitor, next in size to Talon.

In Ex. 12, Conmar Contract #2 executed after the [338] commencement of this action and the assertion of Antitrust defenses, Talon revised the contract and backed away from the features of Conmar Contract #1.

In Ex. U, Starr Contract Sec. 2, it was agreed that the action by Talon "is to be continued as long as the court permits;" if Starr breached the settlement agreement, or the court would not permit further continuances, Starr agreed to entry of judgment that the Talon patents were good and infringed and that the court should make "no other findings."

Ex. 7, the first Silberman contract of July 16, 1945, is particularly offensive. It continued, until cancelled by Ex. 8, the 2nd Silberman contract of 4/18/49. In paragraph 5(a) Cap Tin (Silberman) agreed to pay 10% royalty on all slide fasteners "made by the use of any machine or processes" covered by the patents in excess of 12,000,000 dou-

ble yards. Then followed this sentence: "Cap Tin agrees that all quantities of fasteners or fastener chain which it may acquire from others and resell shall be included along with fasteners or fastener chain made by machines licensed herein to Cap Tin, in computation of the royalties agreed to be paid * * *" This clearly tied patented to unpatented articles in violation of the Antitrust law.

It is true that Sec. 5(b), following states: "The royalty contemplated in this paragraph 5(b) hereof for the use of one or more of the inventions embodied in the aforesaid patents of Talon * * * is intended to be a percentage of the value of the product resulting from the use of machines and processes covered by said patents, namely, the fastener chain." However, this section expressly refers to paragraph 5(b). The offensive language above quoted appears in Sec. 5(a). Even if the wording in 5(b) had made express reference to 5(a) which it did not, still there would be no justification for such a provision and it would constitute a misuse of [339] patents. This is particularly important, because Ex. 7, the agreement in question referred both to Poux '017 and the Silberman application which matured into Silberman '793.

Typical of Talon activities, was its commencement of the present action, after McKee an official of Talon, had found no infringement, and without any further inspection or investigation. (R 837).

From the evidence, and an inspection of the licensing contracts in evidence, we find that Talon

intended and attempted to monopolize the zipper market, misused its patents, and has unclean hands. It set a quota system which would discourage competition, and keep its competitors within limits. This, standing alone might not be violative of the Antitrust laws, but most of the licensing agreements provided that Talon obtained the use of its competitors' patents. True, this was done in many cases on the basis of the contention that the competitor was infringing Talon's patents. In view of the different methods demonstrated for making zippers and used by various of the licensees, for instance Conmar, it is difficult to believe all the patents of the licensees infringed. Thus, Talon had advantage of all the patents of its competitors and in most cases required the competitor to pay royalties, in excess of free quotas, upon all production whether made with the Talon machines or the competitor's machines, and without any nice distinction as to whether the production by the competitor's machines infringed Talon's patents.

We think there is ample evidence to bear out our findings.

It is clear a patentee, acting alone, may choose his licensees and fix territories, and even prices, *Brownell v. Ketcham Wire & Mfg. Co.* [9 Cir.] 211 F. 2d 121, and cases above cited. But what is done by a patentee is a question of [340] fact and its legality is a question of law. We think that under the cases above cited and either under Sec. 1 of the Sherman Act, condemning contracts in restraint of trade, or under Sec. 2 of the Sherman

Act, condemning monopolization or attempt to monopolize any part of trade or commerce, that there has been a violation of the Act. Here the attempt was to control the high speed zipper industry. The attempt need not concern the whole market, a substantial part is sufficient. Nor need the attempt be successful. No specific intent in the criminal sense is required. *United States v. Griffith*, 334 U. S. 100. And this is true because "attempt" is a word connoting a deliberate act. An attempt may not be made inadvertently. If made, it shows intent. This court finds both the necessary intent and such attempt. We think we are consistent with *Cutter Laboratories Inc. v. Lyophile Cryochem Corp.* [9 Cir. 1949] 179 F. 2d 80, where no such intent was found by the trial court. An excellent summary concerning patent misuse appears at p. 92. We also believe that *Kobe Inc. v. Dempsey Pump Co.* [10 Cir. 1952] 198 F. 2d 416, cert. den. 344 U. S. 837 has many features similar in our case and is, at least, persuasive.

There is no doubt as to the interstate commerce involved. As a matter of law the court concludes that there was a substantial impact on the interstate market. There was thus public injury. Since the Sherman Act is here being used as a shield, it is not necessary that the defendant also show the damage to himself. *Morton Salt Co. v. Suppiger*, *supra*.

Talon relies on *United States v. E. I. DuPont De Nemours & Co.* [D. C. Del. 1953] 118 F. Supp. 41, and particularly the language appearing on

p. 224 to 226, where the grant back of patents and quota licensing of Sylvania is discussed. [341]

The decision, in which the district court dismissed the complaint, was affirmed by the Supreme Court in *United States v. E. I. DuPont De Nemours & Co.*, June 11, 1956, U. S.

The District court had said, p. 226, "There is no decision which I can find after long research which holds a license agreement such as the one involved here, violates the Sherman Act."

The matter was not discussed by the Supreme Court except that in the recital of facts the court pointed out (p. 7) that Sylvania was limited "on moisture proof sales by the terms of the license to 20% of the combined sales of the two companies of that type by the payment of a prohibitive royalty on the excess. * * * The limiting clause was dropped on January 1, 1945, and Sylvania was acquired in 1946 by the American Viscose Corp., with assets of over \$200,000,000.00." The Supreme Court decision is therefore not helpful.

However, Judge Leahy in the District court case said:

"[23] As patentee duPont had right to fix royalties at graduated scales on amount of Sylvania's production. *United States v. General Electric Co.*, 272 U. S. 476, 47 S. Ct. 192, 71 L. Ed. 362; *General Talking Pictures Corp. v. Western Electric Co.*, 305 U. S. 124, 59 S. Ct. 116, 83 L. Ed. 81. No limitation of production by Sylvania under its own patents existed or is charged * * *". (p. 226) [emphasis supplied]

In the case at bar the contracts imposing restriction on production by means of the royalty provisions fixed the amount of royalty through production on the basis of all products manufactured, whether under Talon patents or patents [342] belonging to the various licensees, and in at least once instance required royalties to be paid on all zippers purchased by the licensees and resold. Our facts go far beyond the license on agreements in the DuPont case.

Judge Leahy also said, p. 226, "Cases on which plaintiff relies deal with circumstances of patents under circumstances where the cross licensing parties sought to create a position of market control beyond that which either of them was entitled to through the exercise of its own patents." This statement comes closer to stating the problem in our case. The theory of patent grants is that the patentee discloses his invention to the public. He gets in return, a 17 year exclusive right to use the patent. Thereafter the public generally may use the teachings of the patent. The patent grant is in itself a monopoly. Public policy demands it not be extended or misused.

V.

Amendment to Conform to Proof; Reopening Case

At the trial there were considered and evidence introduced of (1) license, (2) waiver, (3) laches, (4) estoppel, (5) unclean hands, (6) misuse of patents, (7) violation of antitrust laws, (8) statute of limitations, etc.

Certain of these matters are contained in the answer, some in the counter claim and some are not pleaded.

There has been a failure of proof to show damage to plaintiff and particularly causal connection between purported damage and the unlawful acts by plaintiff.

However, an amendment should be permitted to defendant to plead such of the above matters as the court indicates as valid defenses, as defenses in the answer. The case is reopened for that purpose. Amended pleadings to be filed [343] within 20 days.

The following patents are not in evidence, except as referred to in the file wrapper of Silberman '793 (Ex. BL). The case will be reopened and copies of such patents will be received in evidence;—

Legat—2,116,726.

Ulrich—2,302,075 and 2,338,884.

Prentice—2,116,712.

VI.

Attorney's Fees

The court has found that Poux '017 and Silberman '793 were invalid, and not infringed. Talon's conduct convinces the court that Talon considered their validity questionable and did not heretofore permit their adjudication; and finds that notwithstanding the license by Silberman, and the assurance given by Silberman and McKee this patent infringement suit was brought by Talon; that after McKee's visit no further investigation as to in-

fringement was made; that in any event Talon's hands are unclean; that the action was brought in bad faith and without reasonable belief in the validity of the patents; that accordingly there is sufficient showing of harassment, lack of good faith, and misconduct on Talon's part to justify an award of *attorneys to* defendant. *Park-In Theatres v. Perkins* [9 Cir. 1951] 190 F. 2d 137; *Day Brite v. Ruby Lighting* [9 Cir. 1951] 191 F. 521; *Shingle Product Patents v. Gleason* [9 Cir. 1954] 211 F. 2d 437.

The case will be reopened for the taking of additional evidence on the issue of a reasonable attorney's fee to defendant. [344]

[Endorsed]: Filed July 17, 1956.

United States District Court, Southern District
of California, Central Division

No. 10450-C Civil

[Title of Cause.]

MINUTES OF THE COURT

Date: July 17, 1956. At: Los Angeles, Calif.

Calendar of: The Honorable James M. Carter,
District Judge.

L. B. Figg, Deputy Clerk. Reporter: None.
Appearances of Counsel: None.

Proceedings: The Court having heretofore entered a decision herein subject to the subsequent

filing of a written memorandum giving its reasoning upon which the decision is based,

The Court now hands down said written Memorandum to Counsel, which is filed this date; and, pursuant thereto,

It Is Ordered as follows:

1. The defendant may file an amended answer to conform to proof, within twenty days;

2. The case is reopened for further trial, for the purpose of receiving into evidence certain patents (referred to on page 20 of the Court's Memorandum);

3. The case is reopened for further trial, for the purpose of taking further evidence to determine the reasonable attorneys' fees to be allowed the defendant; and

4. The case is hereby set for further trial on the issues referred to above at 9:00 A.M., Thursday, August 2, 1956, at Los Angeles, Calif.

JOHN A. CHILDRESS,
Clerk,

By L. B. FIGG,
Deputy Clerk. [347]

[Title of District Court and Cause.]

MEMO TO COUNSEL RE: ATTORNEYS FEES

The Court has taken into consideration the nature and complexity of the case; the length of the trial; the depositions taken; the experience, standing and

eminence of counsel; the quality of skill demonstrated; the importance of the case to the plaintiff and defendant; the risk of the client and the responsibility of counsel; the time fairly and properly expended in preparation out of court; time in court; and the results accomplished.

The Court has not considered any **contingent** basis of a fee; but has considered there was some duplication of effort due to change of attorneys.

The Court believes that the case was worthy of the activities of two attorneys and notes that at least two attorneys on a side usually participate in an unusual or difficult case.

The amount paid or agreed to be paid by the client is not decisive. It affords no basis at all in a contingent fee case. An attorney might charge a client a nominal fee due to friendship for or hardship of the client. That fee does not evidence the reasonable value of his services. Or an attorney might charge to and collect from a client an unconscionable fee. It likewise would not evidence the reasonable value of the services.

The Court finds and concludes on the basis of the factors properly to be considered that the reasonable value of the services of attorneys for the defendant is \$20,000. [348]

The defense of violation of the antitrust laws was part of the defense of unclean hands. It rested largely on Talon's contracts, the suits brought and dismissed or settled without permitting an adjudication of the Poux or Silberman patents, and Talon's attempt, in Los Angeles, to

control prices. This was in time and effort a minor part of the case and discovery proceedings produced most of the documents. Research on antitrust problems is difficult, but again, this would represent a minor portion of the time fairly and properly expended on the case.

The time spent by defendant's counsel on the counterclaim is not, as contended by Talon, an important factor. The same material was used as a shield and as a sword. It was nearly all pertinent to the defense to the action, even though the counterclaim failed.

Very little time was spent on proof of proximate cause, private injury or damage. The purported evidence on damage was supplied briefly from a report by defendant's auditor.

We consider the antitrust problem the only substantial issue if an appeal is taken. To provide for the contingency (which we consider remote), that on appeal the reviewing Court should find no violation of the antitrust laws and be confronted with an apportionment of fees, and a remand for the purposes of such fixing of fees without regard to the attorneys' services on the antitrust violation, the Court will find that, excluding the services regarding antitrust law violations, the reasonable value of attorneys fees for defendant is \$18,500.

[Endorsed]: Filed Aug. 13, 1956.

[Title of District Court and Cause.]

AMENDED ANSWER

Comes now the Defendant, Union Slide Fastener, Inc., and with regard to the Complaint filed herein alleges and denies as follows:

I.

Answering Paragraph I, Defendant is without knowledge as to any of the allegations therein set forth, and therefore denies the same and leaves the Plaintiff to its proof.

II.

Answering Paragraph II, Defendant admits it is a corporation organized under the laws of the State of California.

III.

Answering Paragraph III, Defendant admits that the jurisdiction is based upon the Patent Laws of the United States, but denies each and every other allegation thereof.

IV.

Answering Paragraph IV, Defendant admits that United States [350] Letters Patent No. 1,903,659 were issued to one Hookless Fastener Company, but defendant is without knowledge as to any of the other allegations of this paragraph and therefore denies the same and leaves the Plaintiff to its proof.

V.

Answering Paragraph V, Defendant admits that

the United States Letters Patent No. 2,026,413, were issued to one Hookless Fastener Company, but defendant is without knowledge as to any of the other allegations of this Paragraph and therefore denies the same and leaves the Plaintiff to its proof.

VI.

Answering Paragraph VI, Defendant admits that the United States Letters Patent No. 2,078,016, were issued to one Hookless Fastener Company, but Defendant is without knowledge as to any of the other allegations of this Paragraph and therefore denies the same and leaves the Plaintiff to its proof.

VII.

Answering Paragraph VII, Defendant admits that the United States Letters Patent No. 2,078,017, were issued to one Hookless Fastener Company, but defendant is without knowledge as to any of the other allegations of this Paragraph and therefore denies the same and leaves the Plaintiff to its proof.

VIII.

Answering Paragraph VIII, Defendant admits that the United States Letters Patent No. 2,169,176, were issued to Plaintiff, but Defendant is without knowledge as to any of the other allegations of this Paragraph and therefore denies the same and leaves the Plaintiff to its proof.

IX.

Answering Paragraph IX, Defendant admits

that the United States Letters Patent No. 2,437,793, were issued to one David Silberman, but Defendant is without knowledge as to any of the [351] other allegations of this Paragraph and therefore denies the same and leaves the Plaintiff to its proof.

X.

Denies the allegations contained in Paragraph X.

XI.

Answering Paragraph XI, Defendant denies each and every allegation thereof.

Further Answering Said Complaint Herein and for Separate, Alternate and Further Defenses:

(a) Defendant alleges that the pretended Letters Patent Nos. 2,437,793, 2,169,176, 2,078,017, 2,078,016, 2,026,413 and 1,903,659 were not granted by the Commissioner of Patents within the authority granted to him under due power of law. That said pretended Letters Patent No. 2,437,793, were irregularly granted without proper due consideration of the application for said pretended Letters Patent.

(b) That Poux Patent No. 2,078,017, is invalid for lack of utility and invention, is anticipated by the prior art, and does not teach a patentable method but merely states a problem and a desired result, and the means illustrated to perform the result is not an operative machine.

(c) That defendant has not infringed any of said Letters Patent or the claims thereof.

(d) That the patentees named in each of said Letters Patent, and particularly David Silberman, the patentee named in pretended Letters Patent No. 2,437,793, are not the original or first inventors of that which is alleged to be obtained in each of said pretended Letters Patent, or any material or substantial part thereof, but on the contrary, prior to the respective dates of the alleged invention or discovery disclosed or claimed in each of said Letters Patent, the alleged invention or discovery described and claimed in said pretended Letters Patent, and all material and substantial part thereof, had been described or published or contained in each of the following [352] Letters Patent, or the applications therefor, and have been published, described and contained in other printed publications. The numbers and patentees of such Letters Patent, and the dates thereof, and the publications and dates and publishers thereof are not all available, and defendant prays leave to add the same by amendment to this Answer or otherwise.

(e) Defendant further alleges upon information and belief that prior to any supposed information or discovery by the patentees named in each of said Letters Patent, that which is alleged to be obtained by said pretended Letters Patent, and particularly that which is described and claimed therein, and the material and substantial parts thereof in the United States, had been invented, sold and used by, or known to each of the persons whose names, places of residences and inventions are as follows:

1. Each and every patentee mentioned in the preceding paragraph resides at the places indicated in the respective patents and the places stated as the places of residences of the patentees.

2. And others whose names and addresses this Defendant has not yet learned and for which this Defendant is diligently searching and prays leave to add to this Answer.

(f) That the patent to Silberman No. 2,437,793, in addition to being invalid as anticipated by the prior art, is an aggregation of elements from the prior art and not a patentable combination producing a new or improved result.

(g) That in view of the state of the art at and before the respective alleged invention or inventions of each of the said pretended Letters Patent, or attempted to be defined in claims or any claims of each of said pretended Letters Patent, said claims or any of them cannot now be so interpreted as to bring within their purview as an infringement thereof any device manufactured, used or sold by this Defendant.

(h) That while each of the alleged applications for each of [353] said pretended Letters Patent were pending in the United States Patent Office, the applicant therefor so limited and confined the claims of each of said applications under the requirements of the Commissioner of Patents, that Plaintiff cannot now seek for or obtain a construction for any claim of each of said pretended Letters Patent sufficiently broad to cover any device manufactured, used, or sold by the Defendant.

(i) That Defendant further alleges that the al-

leged inventions of each of said pretended Letters Patent, in view of the state of the art as it existed at the date of each of the alleged inventions, do not involve invention of any patentable novelty but consist of the mere adaptation of well known methods, devices and compositions of matter for the required uses involving merely the skill expected of one in the art to which each of said pretended Letters Patent pertain.

(j) That Defendant further alleges that the description of each of the alleged inventions and the specifications and claims of each of the pretended Letters Patent are not in such full, clear, concise and exact terms as to enable any person skilled in the art or science to which each pertains or to which each is most clearly connected to make compound or use of the same, or to determine what invention is claimed by each of said Letters Patent.

(k) That as patent owner or licensor of a large number of U. S. Letters Patent, plaintiff has sought to intimidate, harass and discourage competitors, to block and impede the development by others of the manufacture of slide fasteners and the constituent parts of machines and methods used in making slide fasteners, and has imposed upon competitors licenses and agreements requiring that the licensee compel such licensee's customers to take licenses under the same licensed patents directly from the plaintiff in such manner that the plaintiff shall collect at least two royalties, upon the same licensed patent and shall also control competition.

(l) That the said David Silberman, the patentee

named in U. S. Letters Patent No. 2,437,793, here in suit, visited Los Angeles in August of 1948, and there met certain representatives of defendant. That said Silberman admitted to such representatives that his said United States Letters Patent of said Silberman would not hold water in court; but stated that he had extended rights or licenses under corresponding foreign patents of Great Britain and Europe to Imperial Chemical Industries, one of the largest chemical manufacturers in the world, which he was anxious to protect. Silberman thereupon agreed with defendant, for a due and valid consideration, to refrain from asserting any rights against defendant under his said United States Patent; and since that date, Defendant has duly performed the terms and conditions of said agreement on Defendant's part. That, by reason of the foregoing facts, defendant has a license under said Silberman patent and plaintiff, as assignee of Silberman, is bound by Silberman's acts and therefore has waived any rights to any prior charges of infringement which may have been made by Silberman before the grant of the license by Silberman, and plaintiff is therefore estopped to claim any infringement by defendant of the said Silberman Patent No. 2,437,793.

(m) That, continuously since 1946, Defendant and its predecessor has been and now is engaged in the manufacturing and selling of slide fasteners, which have been shipped into many states of the United States. That in April, 1948, before Plaintiff had acquired title to the Silberman patent in

suit, Grosvenor S. McKee, Vice-President of Plaintiff, upon his own request, was granted permission by Defendant to go through the plant of defendant by executives of Defendant, and that, after carefully inspecting the chain production machines of defendant, Mr. Kee stated to defendant's representative, in substance, that the machines and the methods employed therein did not infringe any Letters Patent then owned by Plaintiff and that Plaintiff would not cause the Defendant any trouble with respect [355] thereto. That thereafter, Plaintiff failed to assert any rights against Defendant, until this suit was instituted in October of 1949. That, believing such statements by a vice-president of Plaintiff, and in reliance thereon, Defendant has expended large sums of money in the production of such machines and methods. That, by reason of the foregoing facts, plaintiff is estopped to assert infringement by Defendant of any of the patents in suit, and is barred by laches and acquiescence from asserting the cause of action alleged in the Complaint.

(n) That certain of the claims of Poux Patent Nos. 2,078,017 and 2,169,176, alleged herein by Plaintiff to be infringed, were first inserted in the then pending Poux applications for the patents now alleged to be infringed by Defendant more than two years after the public including this defendant had, through competitors in the slide fastener industry, and the granting of Letters Patent to others, acquired the right to the subject matter of such claims.

That plaintiff is barred from enforcing the above or any one of the above of said patents by reason of the fact that it has misused its patents in violation of the anti-trust laws through the medium of licenses granted with restrictive production quotas and governing and/or controlling the manufacture, use or sale of unpatented articles, and plaintiff has come into court with unclean hands. [356]

COUNTERCLAIM

1. This counterclaim is filed and the jurisdiction of the Court is invoked to obtain relief pursuant to Section 4 of the Act of Congress of October 15, 1914. (15 U.S.C. Sec. 15) commonly known as the Clayton Act, for injuries resulting from violations, as hereinafter alleged, of Sections 1 and 2 of the Act of Congress of July 2, 1890 (15 U.S.C. Sec. 1, 2) commonly known as the Sherman Act, and of Section 3 of the Clayton Act (15 U.S.C. 14).

(A) This counterclaim relates to the manufacture, distribution and sale of slide fasteners, commonly known as zippers, production machines and methods of manufacture thereof.

(B) Constituent parts of the machine used in the trade in the making of such zippers include mechanisms effecting gap spacing or interruption of the closely spaced rows of fastener elements or members by interrupting the metal feed or "skipping" the tape.

2. For some time, in or about 1917, up to and including the date of filing of this counterclaim,

plaintiff, (then Hookless Fastener Company), has been constantly engaged in a continuing combination and conspiracy to restrain and to monopolize, and to attempt to monopolize, trade and commerce among the several states of the United States and with foreign nations in slide fasteners, commonly called zippers, having acquired in the interim at least seventy-five (75) per cent of the United States market therefor, all in violation of Sections 1 and 2 of the Act of Congress of July 2, 1890 (15 U.S.C., Sections 1 and 2) commonly known as the Sherman Anti-Trust Act, with the effect of substantially lessening competition and tending to create a monopoly in the manufacture and sale of such slide fasteners in violation of Section 3 of the Act of Congress of October 15, 1914, (15 U.S.C. 14), commonly known as the Clayton Act. Most of such efforts are evidenced by written agreements which formed a part of such combination and conspiracy, and by acts of and acquisitions of property by plaintiff, including Letters Patent of the United States, [357] all designed to further such combination and conspiracy, to restrain and to monopolize and to attempt to monopolize trade and commerce among the several States of the United States and with foreign countries, and to lessen competition with plaintiff.

3. That the slide fastener and parts thereof manufactured by plaintiff are shipped by it across state lines in interstate commerce to manufacturers of goods in which such slide fasteners are incorporated, to distributors of slide fasteners, and to

customers located in substantially every State of the United States.

4. Plaintiff and its predecessor, from the date of the incorporation of the latter, has concentrated its activities and resources on the development especially of slide fasteners, and during the decade starting with the first of January, 1920, Plaintiff or its predecessor claimed to have a monopoly of the United States Letters Patent covering the then only commercial slide fastener, and **methods and machines** for the manufacture thereof.

5. Thereafter, Plaintiff or its predecessor acquired a large number of patents relating to slide fasteners and parts thereof and **methods of manufacture** thereof and abused and misused its said patent holdings to prevent competition in commerce in the manufacture and sale of such slide fasteners, parts thereof, machines and methods.

6. That, as patent owner or licensor of a large number of U. S. Letters Patent, plaintiff has sought to intimidate, harass and discourage competitors, to block and impede the development by others of the manufacture of slide fasteners and the constituent parts of machines and methods used in making slide fasteners, and has imposed upon competitors licenses and agreements requiring that the licensee compel such licensee's customers to take licenses under the same licensed patents directly from the plaintiff in such manner that the plaintiff shall collect at least two royalties upon the same licensed patent and shall also control competition. [358]

7. That about April, 1949, in accordance with its usual practice, plaintiff acquired United States Patent No. 2,437,793, essentially for the purpose of assisting it in the continuance of its monopoly and especially to sue defendant, a relatively small manufacturer of such slide fasteners, well knowing that the patent was invalid, and that David Silberman, the patentee, (the same David Silberman referred to by the Court by a relatively recent decision of the Federal Court decision of the Second Circuit in *Conmar v. Lamar* and David Silberman), was not the true inventor of the subject matter disclosed and claimed in said patent, and that, upon information and belief, plaintiff is making no commercial use of any of the inventions covered by any of the claims of said Letters Patent.

8. That, upon information and belief, during the course of plaintiff's attempt to monopolize and monopolization, it has succeeded in controlling more than seventy-five per cent of the commercial sales of slide fasteners in the United States, and in restraining competition in commerce therein.

9. That plaintiff and its predecessor have never validated any of the patents enumerated in this suit, but, on the contrary, have brought many suits in various Federal Courts throughout the country under one or more of such patents with the sole intention of furthering its attempt to monopolize and monopolization by having the defendant recognize the validity of the patents sued upon and their infringement, whether or not such was true, and, in most instances, have settled such suits by

requiring the defendant therein to accept a relatively limited quota of slide fasteners in the commercial market of the United States.

10. That plaintiff is continuing its attempt to monopolize and monopolization essentially through Letters Patent of the United States, despite the fact that the patent art is now a relatively crowded one, and that, in the present suit, plaintiff is unreasonably using and asserting claims under Letters Patent owned by it against [359] this defendant who, under any reasonable interpretation of such claims, does not infringe them, and that one or more of said suits have been brought by the plaintiff against a defendant or defendants for the manufacture of slide fasteners, which defendant or defendants were not even manufacturing the major parts of slide fasteners, such as "stringers" comprising tapes provided with rows of predetermined spaced interlocking elements.

11. That the acts of Plaintiff, as hereinabove set forth in Paragraphs marked 2 to 10, inclusive, hereof are forbidden by Sections 1 and 2 of the Sherman Act above referred to, and said acts have injured Defendant in its business by preventing and restricting the sale by defendant of its products, thereby injuring the defendant to the extent of Two Hundred Fifty Thousand (\$250,000.00) Dollars.

12. That the acts of Plaintiff as hereinbefore set forth in Paragraphs numbered 2 to 10, inclusive, hereof, are forbidden by Section 3 of the Clayton Act, above referred to, and said acts have injured defendant in its business by preventing and

restricting the sale by defendant of its products, thereby injuring defendant to the extent of Two Hundred Fifty Thousand (\$250,000.00) Dollars.

Therefore, Defendant, Union Slide Fastener, Inc., counterclaiming prays:

(a) That Plaintiff Talon be ordered to pay treble the amount of damages sustained by defendant by reason of the unlawful combination and conspiracy to restrain and monopolize trade herein described.

(b) That the court allow the defendant, and order Plaintiff to pay, the full cost of this suit, including reasonable attorneys' fees for the services of defendant's attorneys.

(c) That Plaintiff and its officers, directors, agents, representatives and all persons and corporations acting or claiming to act on behalf of it be enjoined from committing the acts hereinabove complained of to the detriment of the defendant's business, as [360] hereinabove set forth.

(d) That Defendant be granted such further and other relief as the Court shall deem just in the premises.

Dated, Los Angeles, California, this 1st day of October, 1956.

/s/ ALLAN D. MOCKABEE,

Attorney for Defendant. [361]

Affidavit of Service by Mail Attached. [362]

[Endorsed]: Filed Oct. 1, 1956.

In The United States District Court, Southern
District of California, Central Division

Civil Action No. 10450-C

TALON, INC.,

Plaintiff,

vs.

UNION SLIDE FASTENER, INC.,

Defendant.

FINDINGS OF FACT, CONCLUSIONS OF LAW AND JUDGMENT

This cause having come on before the Honorable Court and trial of the issues having been completed, the Court does make the following Findings of Fact, Conclusions of Law and Judgment:

Findings of Fact

I.

Plaintiff, Talon, Inc., is a corporation duly organized under the laws of the commonwealth of Pennsylvania, having its principal place of business in the city of Meadville, Pennsylvania.

II.

Defendant, Union Slide Fastener, Inc., is a corporation duly organized under the laws of the State of California, having its principal place of business in the City of Los Angeles, California.

III.

That this Court has jurisdiction over the parties,

this [363] cause being based upon the patent laws of the United States for infringement of United States Letters Patent as follows:

1,903,659—Issued April 11, 1933
2,026,413—Issued Dec. 31, 1935
2,078,016—Issued April 20, 1937
2,078,017—Issued April 20, 1937
2,169,176—Issued Aug. 8, 1939
2,437,793—Issued March 16, 1948

and also upon diversity of citizenship of the parties, the matter in controversy exceeding the sum of Three Thousand Dollars (\$3,000), exclusive of interest and costs. By stipulations the patents in issue are Poux, 2,078,017 and claims 1 through 4, 16 and 17 thereof, and Silberman 2,437,793 and claims 1 through 4, 13, and 32 through 40 thereof.

IV.

The field concerning the zipper art is a crowded one.

V.

Patent No. '017 to Poux expired on April 20, 1954, subsequent to the filing of the complaint and prior to the trial of this cause.

VI.

Patent No. '017 to Poux and claims 1 through 4, 16 and 17 thereof are not basic and generic, Sundback No. 1,331,884 probably having made the greatest contribution with respect to the general concept of the Poux disclosure.

Poux '017 purports to form the zipper element from a continuous strip of stock material, operating upon it with a progressive die assembly consisting of an underlying die and a set of differently shaped punches mounted for reciprocating movement above it. The strip of rotating stock with a nearly completely formed zipper element on its leading end is fed to an intermittently moving tape whose movement is across the line of movement of the strip of stock. [364] Approximately at the time the open jaws of the leading zipper element reach a point astraddle the tape, the jaws are clamped on the tape and the zipper element is completely severed from the strip of stock. Thus, the zipper element is intended to be held in proper position for clamping to the tape by said strip of stock.

Sundback 1,331,884, prior to Poux, clearly teaches formation of the zipper element from a continuous strip of stock material with a progressive die assembly. He severs the formed element from the strip of stock but it is retained in position in the strip by those portions of the strip from which it is stamped, until the leading zipper element is fed to and clamped upon the tape.

VII.

At the time of Poux '017, there were machines in use which formed the individual zipper elements and other machines which attached them to the cloth tape. This necessitated costly and precise handling of the individual and separate zipper elements and it was difficult to properly set them on

the tapes. However, Sundback, in patent No. 1,331,884, had previously patented a single machine which performed both the forming and the attaching functions and this machine was in successful use prior to Poux.

VIII.

Poux '017 did not solve a problem but its disclosure merely stated a problem and a desirable end result. He stated in his patent that it would be desirable to overcome the problem of handling pre-formed zipper elements by keeping them attached to the strip of stock and not completely severing them until they were attached to the tape. In substance, his claimed method so stated, but he did not teach a workable manner or means of accomplishment of the desired result.

IX.

Poux '017 and claims 1 through 4, 16 and 17 thereof, did not teach how his alleged method could be put in operation and the [365] machine illustrated therein could not be operated.

He stated he formed a recess on one side of a rod of stock and a projection on the other. The rod was to be moved rectilinearly but the formed projection could not, according to his disclosure, be lifted from the depressed portion of the die in which it was formed. He did not disclose how a substantial amount of metal could be punched from a small round wire or rod of stock without distorting the stock beyond its condition of usefulness. The die as shown separately is not the same as the

die in the partial assembly and there is no plausible explanation as to how either form of die could operate. The severing cutter in its operation would distort and partially close the key-hole slot punched in the stock. There is no means shown or described for preventing the leading zipper element of Poux from being shifted laterally during the severing operation and in the absence of such means, the zipper element would not be properly alined with the tape. The disclosure in Poux '017 is faulty and inadequate throughout.

X.

In addition to lack of disclosure of a workable method, Poux '017 and claims 1 through 4, 16 and 17 thereof are invalid by reason of prior disclosure in the art of the method of achieving the end result desired by Poux. Sundback 1,331,884 discloses the general method which includes forming the zipper elements from a strip and retaining them in position by means of the strip until they are clamped on the tape. The patent to Smith No. 1,533,352 is prior to Poux and teaches the formation of fastener elements from a strip of stock wherein the individual elements are kept integral with the strip and not severed until they are secured in final position. The prior patent to Johnson 1,731,667 discloses Poux' steps of:

1. Forming on a long strip of material and interlocking member with recesses and projections and also jaws; [366]

2. Placing said jaws astride the edge of a tape while the member is integral with the strip;
3. Closing the jaws.

XI.

Silberman '793 and claims 1 through 4, 13 and 32 through 40 thereof, contains machine elements, all of which are shown in the prior art. Sundback 1,331,884 discloses a base, a ram movable with relation to the base, means for feeding a substantially uniform metallic strip between the ram and the base, means for feeding a tape in a fixed path past the end of the feed strip, the ram and the base having complementary means for forming and separating a slide fastener element from the feed strip and a pair of jaws for engaging and closing the element upon the edge of the tape as it is separated from the strip.

XII.

The disclosure and the claims in issue in Silberman '793 and plaintiff's machine Exhibit 5 are not the same machines. The machine of Exhibit 5 has elements of structure not found in the disclosure of the Silberman patent in suit, including:

(a) Spring leaves, each having an anchored end and an opposite end secured to the vertically moving ram which carries the punch assembly to enable the punch to be reciprocated approximately vertically at high speed.

(b) A lip or overhang on the closing jaw to engage the zipper element as it is being clamped on the tape and prevent the zipper element from being

tilted during the substantially simultaneous severing of the element from the strip.

(c) An ejector die to strip the formed and severed zipper element from the final punch in the series and prevent severed elements from bunching up [367] on the final punch (Exhibit 5A).

(d) No "V"-shaped ram as in the Silberman patent because the V-shaped ram of the patent prevented high speed operation.

(e) A device for providing spacing between sets of fasteners.

(f) A vacuum or suction device functioning to remove small metal chips from the vicinity of the dies and punches to prevent the machine from jamming.

XIII.

Silberman '793 and the claims in issue and the accused machine are not the same. A different result is obtained. The square shouldered zipper produced by the accused machine distinguishes from Silberman's round shouldered zipper and serves a useful purpose in ease and efficiency of operation. Silberman's round shouldered zipper element is formed with a burr on each side which must be removed and even then there is a roughness which interferes with smooth action of the slider which interlocks and disengages the complementary zipper elements on a pair of zipper tapes. Defendant's accused machine produces a square shouldered zipper element which is stronger and more firmly grips the tape and because it does not have burrs such as in Silberman, it operates more smoothly.

XIV.

The machine of Silberman '793 is not the machine described in Poux '017 and it was not the result of years of effort to develop a machine which could practice the alleged method of Poux '017. The machine of Silberman '793 was designed to form zipper elements from a thin flat strip whereas Poux '017 discloses wire stock which is either round or square in cross section. Poux disclosed no means for correlating and synchronizing the relatively movable parts whereas Silberman and patents prior to Silberman do show such means. Poux [368] ineffectively attempted to teach the formation of a key-hole slot through the bar of stock while Silberman had no such formation at all. Poux attempted to teach spreading of the jaws of the element by forcing a spreading punch between the jaws. Silberman stamps out his elements with the jaws in open position and his machine contains no jaw spreader.

That the machine of Silberman '793 was not the result of years of effort to develop a machine which could practice the alleged method of Poux '017 is not true because of the teachings prior to Silberman in Sundback 1,331,884, Johnson 1,731,667 and other patents prior to Silberman.

XV.

Meech of plaintiff claims to have examined a machine embodying the features of the Silberman disclosure in 1945 and to have seen it operate at high speeds. Three years later Talon secured an option to buy the Silberman patent, the option having

been taken subsequent to the time plaintiff's vice president McKee examined defendant's machines in 1948. McKee revealed to plaintiff his interest in defendant's operations, yet his report to his company contained no information that he observed infringement on the part of defendant, but he made oral statements to the then president of defendant that defendant's machines did not infringe plaintiff's patents. These facts lead the court to find that the improvements on defendant's machines made by defendant Lipson and observed by McKee, caused Talon to buy Silberman '793.

XVI.

Inspection of plaintiff's charts of elements of the claims in issue in Silberman '793, even though the charts are misleading and not structurally correct, shows that every element in the Silberman patent was present in the prior art.

XVII.

The plaintiff's chart on the elements of the claims in issue [369] in Poux '017, coupled with the admission of plaintiff's expert regarding the showing in Johnson patent No. 1,731,667, that plaintiff's chart (Ex. 19), in the column under the Johnson patent, items 1, 2 and 3, should have stated "yes" instead of "no". This then makes it clear that plaintiff's own Exhibit 19, shows that everything in the Poux patent was present in the prior art. The items referred to in the chart are:

1. Forming on a long strip of material an inter-

locking member with recesses and projections and also jaws,

2. Placing said jaws astride the edge of a tape while the member is integral with the strip,

3. Closing the jaws.

XVIII.

The patent to Smith No. 1,533,352, relating to paper box fasteners is in an art related to the alleged method of the claims in issue of Poux '017.

XIX.

The file wrappers of the Poux and Silberman patents in suit clearly show that the arguments advanced to show patentability over the references cited by the Patent Office and relied upon by defendant, bear little or no relationship to the contentions made at trial by plaintiff in urging the validity of the claims in issue of those patents.

XX.

Plaintiff's proof fails to show that a machine of the claims in issue of Silberman '793 ever operated.

XXI.

Defendant's principal witness, Lipson, was a creditable witness and the court credits Lipson and not Loew or other witnesses where their testimony conflicts with that of Lipson. [370]

XXII.

Silberman entered into a verbal license agreement with defendant and subsequent actions of defend-

ant, including expansion of defendant's facilities for manufacturing zippers were made in reliance upon that license.

XXIII.

Defendant relied upon plaintiff's McKee's statement to defendant's Loew that no patents of plaintiff were infringed, and in reliance upon that statement, defendant continued to work on machines it was manufacturing and expended money in expanded manufacturing facilities.

XXIV.

In Lipson's testimony, in statements made in the first person, Lipson was speaking for the defendant corporation as well as for himself.

XXV.

Letters, Exhibits 15 and 18, alleged to be notices of infringement on behalf of Silberman to defendant, were written prior to Silberman's conversation with Loew and Lipson about August 15, 1948 and therefore were prior to the license granted by Silberman to defendant.

XXVI.

Silberman was not the sole inventor of the device of the claims in issue of his patent '793 and it was at least in part, the work of Havacost.

XXVII.

Prior to World War II plaintiff had 60% of the zipper market in this country and its biggest com-

petitor Conmar had 15% of the market or 25% of that of plaintiff.

XXVIII.

Under the contract between plaintiff and Conmar, the patents pooled therein effected approximately 75% of the domestic market. [371]

XXIX.

Subsequent to World War II, plaintiff's share of the market was down to about 30% of the market. However, plaintiff was still the largest manufacturer of zippers in the United States and still held a dominant position in the market and its influence was further increased by the patent pool resulting from the various license agreements.

XXX.

The American agreement, Exhibit AH, was a contract for dividing the zipper market and antedated Poux '017, and many of the provisions of the contract carried beyond the issuance of the Poux patent.

XXXI.

The conference in Los Angeles between plaintiff and the local zipper manufacturers in that city in 1949 was held in an attempt by plaintiff to maintain price control and evidenced an intent to misuse plaintiff's patents and to violate the anti-trust laws, and thereafter plaintiff in April 1952 introduced a cheap zipper in the Los Angeles area.

XXXII.

The licensing contracts entered into between

plaintiff and a number of other zipper manufacturers contained restrictive quotas, providing for increased royalties a production in excess of free quotas increased and constituted a quota system established by plaintiff.

XXXIII.

The grant of licenses by plaintiff to others with royalty-free quotas, leads to the inference that it was unprofitable for such licensees to produce beyond their quota and pay the high royalty rates provided and the licensees did not exceed free quota limits for that reason. [372]

XXXIV.

While some licensees of Talon did not pay royalties to plaintiff, in some cases they did, and in no case did plaintiff pay royalties to the licensees on the cross licensed patents.

XXXV.

The license agreements entered into by plaintiff and referred to in Findings 32 and 33 produce the net result that the product of plaintiff's licensees was curtailed.

XXXVI.

Plaintiff's contract with Conmar, next to plaintiff the greatest producer of zippers in the United States, provides that Conmar have a royalty free quota of 25% of plaintiff's production with variations. Only after commencement of this action and the assertion of antitrust offenses did plaintiff revise the Conmar contract and eliminate the quota features.

XXXVII.

The contract between plaintiff and Starr, Exhibit U, provided that the suit pending by plaintiff against Starr be continued as long as permitted by the Court, and if Starr breached the settlement agreement and license, or the Court would not permit further continuances, then Starr would permit entry of judgment that plaintiff's patents were good and infringed and that the court should make no other findings.

XXXVIII.

The contract Exhibit 7 clearly ties in unpatented with patented art when the licensee exceeded its quota of production provided for.

XXXIX.

The activities of plaintiff in which numerous suits were filed and settled without trial upon the grant of quota licenses which amounted to a scheme to restrict the production of competitors are apparent, and typical of these activities was plaintiff's commencement [373] of the present action after McKee, an official of plaintiff, had found no infringement and plaintiff apparently made no further inspection or investigation.

XXXX.

Plaintiff intended and attempted to monopolize a substantial part of the zipper market, has misused its patents and has unclean hands.

XXXXI.

Plaintiff's contention that the various licensees

of plaintiff were infringing plaintiff's patents is unsound because of the different methods used by various of the licensees such as its largest competitor Conmar.

XXXXII.

Plaintiff's acts in connection with the restricted licenses must necessarily have created a substantial impact on the supply of zippers in interstate commerce in the United States and there was public injury.

The facts in this case regarding the imposition of restrictions on production by plaintiff go far beyond the facts in *United States vs. E. I. Dupont De Nemours & Co.*, decided by the Supreme Court of the United States on June 11, 1956.

XXXXIII.

Plaintiff's conduct is convincing that it considered the validity of Poux '017 and Silberman '793 as being questionable and had not heretofore permitted their adjudication.

XXXXIV.

Notwithstanding the licenses by Silberman and assurances given defendant by Silberman and McKee, this suit was instituted by plaintiff with no further investigation as to infringement.

XXXXV.

The action was brought by plaintiff in bad faith and without reasonable belief in the validity of the patents and the litigation [374] proves harassment and misconduct on plaintiff's part.

XXXXVI.

Plaintiff, under the pretext of examining defendant's machinery to determine possible patent infringement of which it had no actual knowledge, secured consent to examine defendant's machinery only for the purpose of determining whether infringement existed, and while under color of such an examination learned of a number of improvements which defendant had made upon zipper machinery and copied defendant's improvements in plaintiff's machinery Ex. #5 without compensation to defendant. These improvements by defendant are those listed in Finding #XII.

XXXXVII.

The restrictive quota licenses entered into by plaintiff were in settlement of suits against its competitors, and none of them were allowed by plaintiff to go to a contested decree to determine the validity of plaintiff's patents.

XXXXVIII.

Having considered the acts of plaintiff leading up to the prosecution of this action against defendant and the fact that plaintiff has acted in bad faith and with unclean hands and has misused its patents, defendant is entitled to reasonable attorneys fees. Taking into consideration the nature and complexity of the case; the length of the trial; the depositions taken; the experience, standing and eminence of counsel; the quality of skill demonstrated; the importance of the case to the plaintiff and defendant; the risk of the client and responsi-

bility of the counsel; the time fairly and properly expended in preparation out of court; time in court; and the results accomplished, it is found that the reasonable value of the services of attorneys for the defendant is Twenty Thousand Dollars (\$20,000.00).

In considering the relative importance of the work done by defendant's attorneys with regard to violation of the anti-trust laws, while it was done in part in support of defendant's counterclaim, [375] it was also done as part of the work showing the defense of unclean hands and the material regarding anti-trust violations was used as a shield in defense of the patent suit as well as a sword in connection with the counterclaim. It was nearly all pertinent to the defense to plaintiff's action, even though the counterclaim failed.

It is found that the anti-trust problem is the only substantial issue if an appeal is taken. To provide for the contingency, that on appeal the reviewing court should find no violation of anti-trust laws and be confronted with an apportionment of fees, and a remand for the purpose of fixing of fees without regard to services rendered on the anti-trust violation, then, excluding the services regarding anti-trust violations; the reasonable value of attorneys fees for defendant is Eighteen Thousand and Five Hundred Dollars (\$18,500.00). [376]

Conclusions of Law

I.

Poux patent No. 2,078,017 and claims 1 through

4, 16 and 17 thereof is invalid as being anticipated by the prior art and because it did not teach a workable method.

II.

Silberman patent No. 2,437,793, is invalid in view of the prior art as being an aggregation and not a patentable combination bringing about a new result and plaintiff's proofs failed on the issue that the machine of Silberman '793 ever operated.

III.

The understanding between Silberman and defendant on or about August 15, 1948, was relied upon by defendant which changed its position in reliance thereon and defendant was therefore licensed under Silberman '793.

IV.

Plaintiff purchased Silberman '793 subject to the existing licenses from Silberman to defendant and was estopped from thereafter withdrawing the license or charging that the defendant infringed.

V.

Silberman was not the sole inventor of his patent in suit.

VI.

Poux '017 is invalid on its face as not teaching a method but an end result.

VII.

Reliance by defendant upon Silberman's statement that he would not sue defendant for infringe-

ment under his patent '793 if defendant refrained from selling machines in certain export markets and plaintiff's officer McKee's report to plaintiff which failed to indicate infringement and McKee's statement to Loew, former president of defendant, that there was no infringement, and defendant's reliance thereon which included expansion of defendant's facilities [377] created an estoppel against plaintiff to subsequently assert infringement and constituted a waiver by plaintiff of a right to sue.

VIII.

By reason of the license agreements entered into between plaintiff and a number of other competing companies, and by further reason of conduct of plaintiff, plaintiff was guilty of misuse of its patents, bad faith, unclean hands and violation of the anti-trust laws. Therefore, plaintiff is not entitled to maintain this action even if the patents in suit were valid and/or infringed.

IX.

Plaintiff's contracts between it and competing companies and its attempts to control prices in the Los Angeles area accompanied by a threat of a price war if prices were not controlled, constitute a violation of the anti-trust laws.

X.

The production restricting contracts entered into between plaintiff and its competitors, the circumstances under which many of those contracts were

made, the attempt to control prices in the Los Angeles area, the introduction of a cheaper and inferior brand of zipper in the Los Angeles area subsequent to the attempt to control prices there, the appropriation by plaintiff of improvements made by defendant on its machines under the guise of an infringement investigation, and the purchase of the Silberman patent '793 shortly prior to suit against defendant and the subsequent filing of said suit all constitute steps in a deliberate scheme to control zipper production in the Los Angeles area and throughout the United States.

XI.

Plaintiff was guilty of bad faith amounting to fraud in securing consent to inspect defendant's machinery for possible patent infringement and in utilizing such inspection to gain from defendant numerous improvements in zipper machinery which were incorporated in plaintiff's machines without compensation to defendant. [378]

XII.

Plaintiff through its license agreements with competitors compelled the payment of royalties on unpatented materials and therefore misused its patents in violation of the anti-trust laws.

XIII.

The anti-trust laws may be used as a shield as well as a sword and are available in this case as a complete defense against infringement and the validity of the patents.

XIV.

A patentee, acting alone, may choose his licensees and fix territories and even prices. What the patentee does with his patents is a question of fact and its legality is a question of law and as a matter of law the patents in suit have been misused.

XV.

The acts of plaintiff in misuse of its patents and in violation of the anti-trust laws substantially affected interstate commerce in zippers and the public was injured.

XVI.

In view of the conduct of plaintiff in connection with events leading up to and the bringing of this suit, as set forth in the findings of fact, it is held that defendant is entitled to an award of attorneys fees in the amount of Twenty Thousand (\$20,000.00) Dollars. In the event that on appeal the reviewing court should find no violation of the anti-trust laws and be confronted with an apportionment of fees, and a remand for the purpose of fixing such fees without regard to services rendered on the anti-trust violation, it is found that, excluding services regarding anti-trust laws violations, the reasonable value of attorneys fees for defendant is Eighteen Thousand Five Hundred (\$18,500.00) Dollars.

XVII.

The defendant having failed to prove injury to defendant in its business or property arising out of any of the actions complained [379] of in the

Counterclaim, the Counterclaim cannot be maintained and must be dismissed.

Judgment

Based upon the Findings of Fact and Conclusions of Law, it is hereby adjudged that claims 1 through 4 and 16 and 17 of United States Patent No. 2,078,017 to Poux and claims 1 through 4, 13 and 32 through 40 of United States Letters Patent No. 2,437,793 to Silberman, are invalid and void and not infringed by the defendant, and that the plaintiff take nothing and the complaint be dismissed.

It is further adjudged that the defendant take nothing on its Counterclaim, and that the Counterclaim be dismissed.

It is further adjudged that defendant have and recover from the plaintiff the sum of Twenty Thousand Dollars (\$20,000.00) in attorneys fees and its costs in the amount of..... Dollars.

Dated: May 24, 1957.

/s/ JAMES M. CARTER,
Judge. [380]

Affidavit of Service by Mail Attached. [381]

[Endorsed]: Filed May 24, 1957. Docketed and Entered May 31, 1957.

[Title of District Court and Cause.]

NOTICE OF APPEAL

To: Union Slide Fastener, Inc. and Allan D. Mockabee and William J. Graham, its attorneys:

Notice is hereby given that Talon, Inc. hereby appeals to the Court of Appeals for the Ninth Circuit from the judgment entered in this action on May 31, 1957, and particularly from the first and third paragraphs of said judgment.

Dated this 21st day of June, 1957.

LYON & LYON,

/s/ By CHARLES G. LYON,

Attorneys for Plaintiff. [382]

[Endorsed]: Filed June 21, 1957.

[Title of District Court and Cause.]

MOTION

Comes now the plaintiff, through its attorneys, and moves this Honorable Court for an order extending the time for the plaintiff-appellant to file the record and docket its appeal in the Court of Appeals for the Ninth Circuit the full 50 days until September 19, 1957. This motion is based upon the annexed affidavit of Charles G. Lyon.

LYON & LYON,

/s/ By CHARLES G. LYON,

Attorneys for Plaintiff.

Approved and so ordered:

/s/ LEON R. YANKWICH,

United States District Judge.

[Title of District Court and Cause.]

AFFIDAVIT OF CHARLES G. LYON

State of California,
County of Los Angeles—ss.

Charles G. Lyon, being first duly sworn, deposes and says:

That in this case there has been an appeal taken by the plaintiff from the judgment against it on the complaint. That in the meantime, the defendant has filed and noticed a motion for a new trial with respect to the counterclaim which is presently set for hearing August 12, 1957, with a result that should appellant file the record and docket its appeal within the time originally allotted, the record of this case would be in the Court of Appeals while the Court is hearing [385] and considering defendant's motion for a new trial. That the simplest way to prevent such inconvenience is for the Court to extend the time for docketing of the appeal the full amount of time permitted by law.

/s/ CHARLES G. LYON.

Subscribed and sworn to before me this 19th day of July, 1957.

[Seal] /s/ SHIRLEY A. HARNEY,
Notary Public in and for said County and State.
My Commission Expires May 16, 1960. [386]

[Endorsed]: Filed July 19, 1957.

[Title of District Court and Cause.]

CERTIFICATE BY CLERK

I, John A. Childress, Clerk of the above-entitled Court, hereby certify that the items listed below constitute the transcript of record on appeal to the United States Court of Appeals for the Ninth Circuit, in the above-entitled action:

A. The foregoing pages numbered 1 to 386, inclusive, containing the original:

Complaint, filed 10/17/49.

Interrogatories propounded to Defendant Under Rule 33 FRCP, filed 11/21/50.

Amended Answer and Counter-Claim, filed 4/19/51.

Reply to Counterclaim (plaintiff) filed 5/5/51.

Defendant's Answer to Plaintiff's Interrogatories, filed 5/10/51.

Further Interrogatories Propounded to Defendant, under Rule 33, FRCP, filed 7/26/51.

Defendant's Answer to Plaintiff's Interrogatories, filed 3/3/52.

Interrogatories Propounded to Plaintiff Under Rule 33 FRCP, filed 3/28/52.

Plaintiff's Answers to Interrogatories propounded by Defendant and Served March 18, 1952—filed 5/8/52.

Plaintiff's Answer to Interrogatory No. 82 in Interrogatories propounded by Defendant and Served March 18, 1952—filed 5/8/52.

Minute Order (copy) dated 11/24/52.

Further Interrogatories propounded to Plaintiff, filed 12/11/52.

Plaintiff's Answers to Interrogatories propounded by Defendant and Served December 10, 1952—filed 2/19/53.

Pre-Trial Stipulation and Order, filed 3/30/53.

Hand written list of exhibits and witnesses.

Amendment to Reply to Defendant's Counterclaim, filed 3/8/55.

Amendment to Defendant's Amended Answer and Counterclaim, filed 3/15/55.

Memorandum to Counsel, filed 7/17/56.

Minute Order (copy) dated 7/17/56.

Memo to Counsel Re: Attorneys Fees, filed 8/13/56.

Amended Answer, filed 10/1/56.

Findings of Fact, Conclusions of Law and Judgment.

Notice of Appeal.

Designation of Record on Appeal.

Motion re: extension of time in which to file and docket record on Appeal.

B. Eleven (11) Volumes of Reporter's Official Transcript of proceedings had on 3/1, 3/2, 3/3, 3/4, 3/8, 3/9, 3/10, 3/11, 3/15/55; 8/2 and 8/3/1956; and 11/26/56.

C. Plaintiff's Exhibits 1 to 22, inclusive.

Defendant's Exhibits A to Z, inclusive, AA to

AO, inclusive, AQ to AY, inclusive, BB to BZ, inclusive and CA and CB.

D. Depositions of: Philip Lipson, filed 7/18/52, marked as Plf's Exb. 6; Sigmund Loew, filed 12/15/52, marked as Defendant's Exb. Q; Robert Eisenberg, marked as Defendant's Exhibit AK; Wilbur B. Jager, filed 12/8/52, marked as Defendant's Exhibit AI; Isadore O. Napp, filed 12/10/52, marked as Defendant's Exhibit AL; C. F. Detweiler, filed 1/8/53, marked as Defendant's Exhibit AJ; John T. Havekost, filed 1/17/55, marked as Defendant's Exhibit AM; William Wray, filed 3/1/55, marked as Defendant's Exhibit AN; Isadore Napp, filed 9/27/55, marked as Defendant's Exhibit BR; William U. Hepworth, filed 9/27/55, marked as Defendant's Exhibit BS.

E. Brown envelope containing exhibits to deposition of Philip Lipson.

I further certify that my fee for preparing the foregoing record amounting to \$2.00, has been paid by appellant.

Witness my hand and the seal of said District Court, this 6th day of September, 1957.

[Seal]

JOHN A. CHILDRESS,
Clerk,

/s/ By WM. A. WHITE,
Deputy Clerk.

In the United States District Court, Southern
District of California, Central Division

No. 10450-C Civil

TALON, INC., Plaintiff,

vs.

UNION SLIDE FASTENER, INC.,
Defendant.

REPORTER'S TRANSCRIPT OF
PROCEEDINGS

Los Angeles, California

Tuesday, March 1, 1955

10:00 A.M.

Honorable James M. Carter, Judge Presiding.

Appearances: For the Plaintiff: Lyon & Lyon,
by Leonard S. Lyon, Esq., and Charles G. Lyon,
Esq., 811 West Seventh Street, Los Angeles, Cali-
fornia, and Evans & McCoy, by William C. McCoy,
Esq., Bulkley Building, Cleveland, Ohio. For the
Defendant: Allan D. Mockabee, Esq., 811 West Sev-
enth Street, Los Angeles, California. [1]*

(Other court matters.)

The Clerk: No. 10450-C Civil, Talon, Inc., vs.
Union Slide Fastener, Inc., for court trial.

Mr. Leonard Lyon: If the court please, I would
like to introduce Mr. William McCoy of the Ohio
Bar. He is a member of the Supreme Court of the

* Page numbers appearing at top of page of Reporter's Tran-
script of Record.

United States Bar. I ask that he be recognized for the purpose of this trial as counsel for the plaintiff.

The Court: Mr. McCoy will be admitted to participate in the trial of this action.

Mr. Leonard Lyon: With the court's permission, I would like to make an opening statement on behalf of the plaintiff.

The complaint in this case is for infringement of two patents. The first patent, No. 2,078,017, was granted on April 20, 1937, and has since expired, and the title of the patent is Method for Making Separable Fasteners. The inventor is N. J. Poux.

The Court: You say it has since expired. It has now expired, but it had not expired at the time this action was commenced?

Mr. Leonard Lyon: That is correct. This action was filed in October 1949, and this patent expired on April 20, 1954. [3]

The Court: Can we refer to that patent throughout the case as '017?

Mr. Leonard Lyon: Yes, your Honor.

The Court: Is that agreeable?

Mr. Mockabee: Yes, sir.

Mr. Leonard Lyon: By pretrial proceedings and pretrial order the plaintiff has elected to stand on claims 1 to 4, 16 and 17 of this patent.

The second patent in suit is No. 2,437,793, and was granted on March 16, 1948. The inventor is named Silberman, S-i-l-b-e-r-m-a-n, and the patent is entitled Zipper Manufacturing Machinery.

The Court: Can we refer to that throughout the trial as '793?

Mr. Leonard Lyon: Yes, your Honor.

The Court: Very well. [4]

Mr. Leonard S. Lyon: The pretrial order specifies that the claim in issue of this patent are claims 1 to 4, 13 and 32 to 40.

I might say, your Honor, that the plaintiff is primarily interested in this case in securing an adjudication in its favor on the second patent, the '793 patent.

The earlier patent has expired and the real reason for keeping it in the case is because it furnishes a proper evaluation or its adjudication will furnish a proper evaluation and background for the second patent. In other words it has to be considered in connection with the second patent even though we should be willing to dismiss the first patent and therefore we are asking that it be considered in the light of being adjudicated.

Now, the two patents in suit both relate to the manufacture of stringers for use in slide fasteners or zippers as they are called.

I have for illustrative purposes here the type of slide fastener or zipper that we are talking about.

(Handing object to the court.)

You will note that the zipper is formed of two stringers and I hand up to the court for illustrative purposes a specimen of a stringer that is employed in making the zipper of the slide fastener type.

The two stringers are combined with a slide to make the [5] slide fastener or zipper.

Now, these two patents in suit relate to the manufacture of those stringers.

The first patent is a method patent and as we contend discloses an entirely fundamentally new method of manufacturing slide fastener stringers.

The second patent is a patent for a machine and as we contend is the first successful, practical machine for practicing the method covered in the first patent.

The first patent was applied for on January 3, 1931.

The second patent was applied for on September 23, 1944, so a period of some 13 years intervened after the invention of the method before the production of a practical commercial machine that would perform that method, although in the meantime numerous other inventors were endeavoring to design such machines.

Now, I would like to give the court in short summary our appraisal of these patents, what their novelty is and what we contend their inventive characteristics are.

I realize that the court may have some difficulty in following much detail in advance of a very complete explanation of these patents, but I thought if you heard the language first it would help you in listening to the testimony and following the testimony even though you don't quite understand everything I am talking about. [6]

I will make it as plain as I can. First as to the slide fasteners and their characteristics, what requirements they impose on a method or machine.

You will note from the illustrative sample that I have handed you that the interlocking elements of zippers are tiny metal units, each having a recess on one side and a projection on the other that are spaced along the edge of a fabric tape.

I am handing up to the court for illustration a specimen which is wrapped in a piece of cellophane, of one of the zipper elements that I am referring to.

They are very tiny but you will note that the element has a recess on one side and a projection on the other and these elements are spaced along a tape to form a stringer.

The assembly of these elements on the tape makes what is known as a stringer. Perhaps you would like to look at one of those elements with a glass. If you will press the button you will light up the glass.

(Handing object to the court.)

Now, in the completed slide fastener or zipper these two stringers are interlocked by a slider.

The Court: Yes.

Mr. Leonard S. Lyon: If the elements are not properly made, spaced and clamped on the edge of the tape the interfitting of the elements of the two stringers will not properly [7] hold the tape together.

There is a very rigid requirement in the manufacture of these stringers or the slides will not function to either lock or unlock the zipper.

Faulty positioning of the elements on the tape

will cause a number of ills which the industry has sought to solve over a long period of years.

The jewel-like precision essential in making the zipper element and the precision of attachment to the tape have long been recognized as major problems in the zipper industry.

Judge Yankwich tried a case here a number of years ago for this plaintiff in which he was concerned with the spacing—how much space there was between these elements on a slide fastener and sustained one of the plaintiff's patents.

He was talking about the space between two zipper elements. We are talking about the precision with which these elements must be made and the precision which they must be oriented on this tape because if they are not oriented correctly, if one is cocked one way and another the other then it is impossible for the slide to function correctly and it is impossible for the zipper elements to function correctly. [8]

The Court: Are we concerned in this case with the patent, if there is one, by which these stringers are put together with a slide?

Mr. Leonard Lyon: No. Those patents have expired. There are numerous companies in the country manufacturing zippers. The only purpose in my dwelling on the subject was to acquaint your Honor with the standards or things, the problems that were imposed on the methods and machines that we are interested in.

One of the earliest methods of making zippers is what is generally known as the hopper method.

I might say, your Honor, that these zippers have been made in early forms without the slide for some 40 years, and the slide type for some 25 years has been in common manufacture.

One of the earliest methods of making this slide type of zipper element was known—or stringer—was known as the hopper method. In this case a strip of metal was fed through an ordinary punch press and pieces were punched out having the shape of the fastener elements with projections and recesses formed and with the legs spread apart.

You will notice that each one of those elements has two jaws or legs on it. These pieces without any arrangement at all were dumped into a hopper which fed down to a mechanism where an attempt was made to arrange the elements in sequence [9] with the legs pointing in the forward direction and with the projections in a position where they would properly go together on a tape edge. The difficulty with this hopper method was that the feed of the elements to their path of arrangement never was satisfactory, although zippers were made commercially from these elements over quite a number of years.

The zippers so made in many cases were subject to rejection, because elements were improperly assembled on the edge of the tape, and otherwise the process was expensive because of the very slow speed at which such a machine had to operate.

That was known as the hopper method. And your Honor will hear reference to it in the evidence.

Prior to the patents in suit, zippers were also

made on the machines of the kind which are shown in a prior patent to Sundback, No. 1,331,884, particularly Figs. 19 and 20 of that patent, and that patent will be before your Honor, undoubtedly, in the course of the case.

In this machine a strip of metal much wider than the zipper element to be formed was fed into the machine. First, blanks were cut from the strip, and those blanks were pressed back into the hole made in the strip. The strip then carried these individual elements through further steps. At one of these inter-stages a projection and recess was formed [10] in the blank. That element was then advanced and clamped on the tape by side tools which pushed in on the scrap material along each side of the elements to force the legs of the leading element closed on the tape. This machine was very slow and cumbersome, and the product was extremely poor in comparison with modern day standards. Almost half of the metal was wasted, and the machine required a very highly skilled operator.

Despite the high cost of making zippers on this machine, it was commercially used by plaintiff for many years.

The next machine which the plaintiff has used—and I might state that the plaintiff is a large manufacturer of these stringers. The next machine which the plaintiff used was covered and shown in a patent to Sundback, No. 1,467,015. It started with a wire of substantially the same cross-section as the final zipper element to be applied to the tape. This was of a Y cross-section. I don't know whether you

can tell from the specimen that I gave you that the stringers that I have shown you are made with zipper elements that have been made from flat metallic strip.

The Court: What was the number of that first Sundback patent?

Mr. Leonard Lyon: 1,331,884. The second one was 1,467,015.

The machines we are concerned with making the present day [11] zipper elements start with a flat strip of hard bronze or steel, and that is referred to in the patents as a metallic strip.

This other Sundback patent that I am just talking about now used a material of the form I just handed you.

The Court: In the shape of a "Y."

Mr. Leonard Lyon: In the form of a "Y."

In this second Sundback machine, slices were taken off of that Y-shaped rod and deposited in circular indexing head of a forming die—in the circular indexing head of a forming die. The indexing head rotated to bring the separated slices to a position where forming tools formed a projection and recess. The element so formed was then moved to a position where the edge of the tape could be pushed in between the legs of the element. Finally, the legs of the element were clamped onto the tape.

While the method eliminated waste material of the earlier methods, the machines were very expensive to make. The preforming of the Y section for the wire required a separate rolling machine and was expensive. The machines were slow and re-

quired skilled mechanics to operate them. The resulting zipper, while very expensive, was of excellent quality. This method has been used for many years by plaintiff, and was in use when Poux made his invention. It is still used by the plaintiff for part of its production. [12]

We come now to the method of the Poux patent. I am handing your Honor a copy of that patent '017.

As I have stated, we expect to show that the method of this '017 patent represented a new approach to the problems that confronted the manufacturers of these stringers. Poux in his patent starts with a metal rod—not a strip—a rod of round or square section. These are standard shapes for wire or rod. The recesses and projections for the interlocking member were formed in the rod. Openings for the legs were formed at different stages of the progress of the rod through the machine. The resultant legs on the end portion of the rod, while still connected to the rod were positioned to straddle the edge of the tape when the rod was fed forward. The body of the rod retaining the legs at its end provided a handle to hold the zipper element in proper position as the legs of the element were closed on the tape, and the end interlocking member was separated from the body of the rod.

The Court: In other words, the single elements were attached to the tape while the elements were still a part of the rod? [13]

Mr. Leonard S. Lyon: That is correct.

The Court: Then were cut loose from the rod.

Mr. Leonard S. Lyon: Simultaneously or practically simultaneously from the fastening, from the closing of the jaws of the tape to fasten the element, the front element on the tape. That element was cut from the rod——

The Court: It therefore secured the exact positioning.

Mr. Leonard S. Lyon: That is correct. By that arrangement you were sure of an alignment, among other things, the correct alignment of the element on the tape.

Now, so that your Honor may just have in mind what type of claim we have—the general breadth in the '017 patent to guide you in listening to the evidence, I call your Honor's attention to claim 17 which we rely on.

I think it is fairly self-explanatory. I think it is a fairly self-explanatory claim.

The method of forming separable fasteners which consist in forming on a long strip of material and interlocking member with recesses and projections and also jaws, placing said jaws astride the edge of the tape while the member is integral with the strip closing the jaws and severing the member from the strip.

Now in the '017 patent there are shown some of the elements of a machine for practicing that method.

The evidence will show that the drawings of the [14] '017 patent, insofar as they purport to show a machine or equipment that could be used in the

practicing of the method are incomplete in a number of respects, and the arrangement that he has shown in the patent, the apparatus that he has shown for practicing his method required that the rod be of such soft metal that it could be pierced through its body to form an opening between the parts that were later spread apart to form the legs of the end element of the rod.

In other words as you will find when you read that patent the jaws were formed by cutting out a key slot, a key-shaped slot in the metal and then afterwards when the front member was cut away that opened up the legs of that slot so that it provided the jaws and then the machine spread those jaws apart and then later clamped, when the rod was advanced to the proper position, clamped them on the tape.

The jaws for clamping the end element on the tape and the cut-off tool for severing the end element from the rod, both operate according to the description in that patent and while the ram of the machine was at its uppermost position and at rest.

The ram on its downward stroke again pierced the rod, spreading the legs of the element and formed a new recess in the top face and a projection in the bottom face of the rod.

This was a multiple operation machine in which the ram [15] formed the projections and recesses, pierced and spread the legs of the element in one stroke while the forward feeding of the rod and the cutting off and clamping on of the element on

the tape occurred while the ram of the press was raised.

The machine would handle only rods of round or square sections. The disclosed machine was not intended to operate on a flat thin strip.

The cut-off tools which are shown in this patent would so distort a flat wide strip as to ruin the element. Nevertheless many licenses were granted to the industry under this '017 patent during the 13-year interval between the filing of the application for that patent and the filing of the application for the second patent.

Plaintiff continued to use its previously described "Y"-shaped wire method. Many other zipper manufacturers used a process involving the manufacture of strips of fastener elements connected together.

This strip was formed in a separate operation on a rolling mill.

You will note that by cutting out the key slot and by punching the projections and recesses in this '017 patent that it is done by the same machine, the same unit that cuts off the final fastener and clamps it on the tape.

What I am referring to now is that during these intervening 13 years we were trying to simulate this method but they did [16] not have a unitary machine.

The projections and recesses were formed on another machine and the tape or the metal—I mean the metal strip with those recesses and projections formed in it were fed to the closing machine.

I am handing the court a specimen illustrating the practice that I have just referred to.

The Court: I have a question. If '017 is a method patent and not a patent on a machine how was the method practiced under '017?

Mr. Leonard S. Lyon: The full method of the '017 patent was in all its detail never practiced, I don't believe.

The patent presents a generic principle which is practiced in the second patent by the design of the machine in the second patent. But the second patent—the method that follows there is an improvement in some respects on the '017 patent.

The '017 patent status must be sustained on the theory that it represents a generic invention as distinguished from an improvement invention.

The courts have recognized and held that a generic patent in the very nature of things, is usually not a practical, necessarily a practical thing at all because it is the first of its kind in the art.

An improvement patent on the other hand is [17] supposed to represent a practical advance in the art but the courts have said that a generic patent will be sustained if it is operative at all even though it is impractical.

For instance, Bell's telephone which was on exhibit at the Philadelphia fair, there were over 100 witnesses who testified that they had listened to that telephone and they could all hear something but only a handful of them testified that they could understand what they heard, that the speech was intelligible at all.

That was because it was the generic, the first principle and those generic inventions are usually of that class.

Now, this Poux patent, as we will develop in the evidence, had certain defects and it wasn't until Silberman came along and invented his machine that Poux's generic invention was ever put to practical commercial use.

But going back to this earlier method, this intervening method where the tape and the projections and recesses were formed continuously on a piece of tape by a separate machine, this is illustrated in the Wintress patent which was referred to in the pleadings in this case, patent No. 2,336,662, of which figures 11 and 12 are illustrative and this method was known in the industry as the Conmar method.

One machine in this method made the preformed strip and the other machine cut off the elements one by one and attached them to the tape. [18]

The strip of connected formed metals after being cut off was put into a second machine of the kind shown in the Wintress patent.

In this machine the legs of the leading elements fed astride the tape. The machine clamps this element to the tape and cuts it off.

In spite of the fact that this Conmar operation required at least one preforming machine and a second machine for applying the element to the tape, the operations were fast and the zippers were less expensive to make than those made by the plaintiff on its "Y"-shaped wire machine.

I might say, your Honor, that the plaintiff has always taken the position that the Conmar method utilized the basic invention of the '017 patent. Your Honor will recognize that the continuous strip of metal is used there as a handle to present the front formed zipper element to the tape to be cut off just simultaneously with the attaching of the element to the tape.

I suppose that——

The Court: I am trying to visualize that operation. Assuming that the tape came across sideways—I mean the strip came across sideward and the tape was running up this way.

Mr. Leonard S. Lyon: Yes, your Honor, that is correct.

The Court: And the jaws were fastened on the tape. [19]

Mr. Leonard S. Lyon: That is correct.

The Court: And the strip would be cut off and the tape would move up.

Mr. Leonard S. Lyon: That is correct. The way the '017 patent shows the cutting off is exactly the way you did it. You passed your hand horizontally to the rod. If you had a flat strip of metal——

The Court: You could do it this way.

Mr. Leonard S. Lyon: And it was very hard and you couldn't do that, so the second patent in suit cuts off from the top and not from the side. You have to pass your hand downward.

Now, we come now to the patent, the second patent in suit, the '793 patent, and I will hand your Honor a copy of that patent. [20]

Silberman in this patent uses one stroke of a ram to completely form the element from a flat metal strip and attach the element to the tape.

In that respect he differs from the '017 patent which requires several strokes, and those strokes will be explained in the evidence. But a single stroke or a one stage operation does the job in the second patent.

In connection with illustrating the second patent, I have a chart which we will use in the evidence outlining claim 40 of the patent, and showing its application to the machine elements shown in the '793 patent.

As you will note from this chart, the ram of the machine is indicated by the red line above the tools, and the base of the machine by the broken black line leading to those tools that are carried by the base.

The Court: I am lost. You are talking about your chart now? Are you talking about the patent or the chart?

Mr. Leonard Lyon: On the chart.

The Court: Do you have a copy of this chart to let counsel see it?

Mr. Leonard Lyon: Yes. A substantially uniform——

The Court: I am lost. I didn't follow you.

Mr. Leonard Lyon: I will start over again, your Honor. The ram of the machine——

The Court: Which plate are you referring to?

Mr. Leonard Lyon: We have a colored chart, and on plate 1 we show the elements of the patent

in suit that are recorded within claim 40, and on plate 2 the general arrangement of the tools, we have reproduced the tool of the patent and applied the elements of the claim to those tools.

The third plate is the defendant's machine, and we do not need to discuss it at this point of my opening statement.

Now, referring to plate 2, the ram of the machine is indicated by the red line above the tools. You will notice that the red line carries over from the legend No. 2 a ram, and by the red line we carry the observer over to the tools that are indicated by that red line, and that is the ram.

Now, the next element is the base of the machine, and that is shown by the broken black line leading down from element 1 of the legend, and shows—the broken black line shows those elements which are mounted on the base of the machine.

The Court: Well, does that refer to the yellow object, or does it refer to something underneath the yellow object?

Mr. Leonard Lyon: It refers to the fact—the yellow object, for example, is mounted on the base of the machine, as distinguished from being carried on the ram.

The Court: The yellow object, then, is not part of the base?

Mr. Leonard Lyon: No, it is not. It is on the base. [22]

A substantially uniform metallic strip is shown in the pink color, and is fed into the machine between the ram and the base by the feed rolls

shown in blue on the chart. The feed rolls are in blue and they are feeding in this strip of flat, hard metallic strip, either of steel or bronze, which is to be formed into the zipper elements which are to be mounted on the tape.

You will notice that there is a single ram in this machine, and this single ram on a single movement downwardly functions to form the head and the recess to hold the strip in place by reason of the forming of the head and recess, and with the strip thus gripped to clamp the element on the edge of the tape as the element at the end of the strip is severed from the strip.

Now, the ram carries one part of the recess and projection-forming tool. You will notice the illustration on the strip, the full line black projection has been fully formed by a previous stroke of the ram. The dotted one next adjacent it to the left is the one that is to be formed by the next operation of the ram. The ram carries one part of the recess and projection-forming tool, one part of the cut-off tool, and closing jaw driving means all acting together when the ram descends. The base of the machine carries the other part of the recess and projection-forming tool, the other part of the cut-off tool, and a pair of closing jaws immediately at the [23] position of the cut-off tool, and arranged on either side of the tape and slidable toward each other for closing the fastener element upon the edge of the tape as it is being separated from the strip.

You will note that the closing jaws are yellow

elements and are referred to in the claim as a pair of jaws on the base, element No. 6. Each closing jaw, driving means on the ram, has a cam face that has direct engagement with the corresponding cam face on the corresponding slidable closing jaw to actuate the jaws on the single downward operation of the ram.

The tape is fed in a fixed path past the end of the feed strip. The tape is shown in green, and the arrow to—there is no arrow to the tape, but there is an arrow to, for means for feeding a tape, element No. 4, and that is shown at the upper part. The tape itself is the green material.

The Court: The tape apparently has——

Mr. Leonard Lyon: Has a bead on it.

The Court: Has a bead.

Mr. Leonard Lyon: Has a bead, and the zipper elements are clamped around that bead.

The tape is fed in a fixed path past the end of the feed strip where it always remains in position to be straddled by the opening legs of the next element while the element is still part of the feed strip. Thus the metal strip itself, [24] following Poux' idea, forms a handle for complete and accurate control to position the elements in precise location on the tape. The metal strip not only is held in this position by the strip feeding means, but is also held in vise-like action by the closing of the forming tools on the strip to clamp the strip in place immediately at the position of the cut-off tool and while the element is still a part of this strip.

The Court: When does the cutting take place?

Mr. Leonard Lyon: The patent says that it takes place simultaneously with or substantially simultaneously with the closing of the jaws to clamp the element on the tape.

The beauty of this whole arrangement, your Honor, is that you have control of this element, never lose control of the element that is going to be put on the tape. You always have it oriented so that you get the proper alignment on the tape, and there is no misalignment of one element as compared to another. And to assure that you have complete control of this forward element on this handle at all times.

The metal strip is not only held—going back a moment—the metal strip itself forms a handle for complete and accurate control to position the element in precise location on the tape.

That was Poux' idea, but he didn't know how to build a machine that would really do it. [25]

The metal strip not only is held in that position by the strip feeding means, but is also held in vise-like action by the closing of the forming tools on the strip to clamp the strip in place immediately at the position of the cut-off tool, and while the element is still a part of the strip. The element itself that is to be severed from the strip is supported on the top flat face of the cut-off tool that is carried by the base. The cutting cut-off tool acts against the strip to initially press the element against that flat top face while the clamping jaws immediately at the cut-off tool engage and close the legs of the element on the tape.

Your Honor has undoubtedly noted that the cut-off tool in this machine is carried by the ram and moves downwardly, not horizontally, and it does not cut out any material, which is waste material, but cuts out actually the top part of the zipper element, and in such a configuration that it has formed the jaws of the next succeeding element, and that is done by a downward stroke from the ram, the same stroke that is forming the projection and recess.

This new association of the forming, cut-off, and clamping-on tools all acting together in a high speed machine so that while they form, cut and close the element upon the tape, they also positively clamp in a vise-like grip and rigidly hold the element at the critical movement when the element is being applied to the tape on the tape side of the [26] cut-off tool. At the very same moment the forming tools immediately at the cut-off tool are clamping and rigidly holding the strip on the other side of the cut-off tool. The cut-off tool itself acts between these rigidly held portions of the strip to maintain complete control of these tiny fastener elements, established while the fastener element remains a part of the strip, and insure their correct formation and application to the tape.

So far as infringement of this patent is concerned, your Honor, that is illustrated by plate No. 3 of this chart, and I am not certain whether the defendant denies infringement. We have taken pre-trial depositions, we have inspected the defendant's machine, we have photographs of their machine,

we have drawings of their machine here. The defendant's principal officer has been examined by pre-trial examination. He has admitted that these claims element for element read on the defendant's device, and I notice that in the defendant's pre-trial brief, which was just filed with your Honor, there is no discussion of or denial of infringement, so I don't know for sure, although their answer denied infringement, I don't know whether infringement is going to be contested in this case or not. But we will present the drawings and photographs, and our expert who examined the defendant's machine will explain them to your Honor.

The issues then are that the defendant has charged that [27] the patent in suit is invalid in view of certain prior patents that are set up in the pleadings. He claims that he does not infringe. To that extent this is an ordinary patent case.

Then the defendant files a counterclaim charging the plaintiff with violating the anti-trust laws. The counterclaim is one for damages. The defendant contends that he has been injured by the alleged violation of the anti-trust laws, and he seeks treble damages.

He also seeks an injunction, but he does not allege in his pleadings that the so-called anti-trust violation is of such nature as constituted an offense to the patent suit.

The anti-trust charge begins with an assertion that the plaintiff is monopolizing the slide fastener business.

The plaintiff has a substantial business, but noth-

ing like a monopoly, and there are countless numbers of competitors in the business.

Then the counterclaim attempts to assert that certain contracts made by the plaintiff constitute predatory practices or restraints.

In the first place, the contracts, most of them, the serious ones, that the defendant seems to rely on, have long since been terminated and are no longer in existence. But, on the other hand, I have examined those contracts and I can't see the slightest justification or basis for a charge that [28] there is any predatory practice involved in any of them. So we will meet, as best we can, the defendant's counterclaim in the light of whatever he presents in support of it.

Thank you.

The Court: Mr. Mockabee do you want to make an opening statement now, or wait?

Mr. Mockabee: I would rather wait, your Honor, until I present my case.

The Court: Are you contending that there is no infringement by defendant's structure?

Mr. Mockabee: I will briefly summarize it in a hurry. Specifically, non-infringement of claims 1 through 4 in Poux, as I remember, and as I recall it there was reference to the manner in which Silberman claims the means for performing all operations on the feed member immediately at that position, that is, the predetermined position of the tape. I may not have said in so many words that we did not infringe it, but we have pointed out, I think, and intend to point out, that Silberman does not

perform all of his forming operations immediately at that position. And by comparison with those phases of the two machines, Silberman and the defendant's machines, with regard to the formation of the projections, there is a great similarity, and neither do we perform all of the element-forming operations at the predetermined position right at the tape. [29]

But I think there is a discussion of whether or not these claims are infringed or a major part of them.

The Court: Infringement then is an issue?

Mr. Mockabee: Yes, sir.

The Court: All right. You may proceed, Mr. Lyon.

Mr. Leonard S. Lyon: Mr. Doble.

WILLIAM A. DOBLE

called as a witness by the plaintiff, being first sworn, was examined and testified as follows:

The Clerk: State your full name.

The Witness: William A. Doble.

Direct Examination

Q. (By Mr. Lyon): What is your age, Mr. Doble? A. I am 60.

Q. What is your occupation?

A. I am a mechanical engineer specializing primarily in patent studies, investigations and appearing as an expert witness.

Q. For what period of time have you been so engaged?

(Testimony of William A. Doble.)

A. For somewhat over 25 years.

Q. You have testified as an expert witness in many cases in this and other courts, patent cases, have you not?

A. Yes, sir, I have.

Q. What training have you had in mechanical engineering? [30]

A. Well, to start with my father ran a manufacturing plant and I spent my vacations working in the plant.

At about the age of nine I was provided with a lathe and used it extensively and still have a lathe and use it together with many other machine tools which I use extensively.

My high school training was at the Cogswell Polytechnical College of San Francisco where I took the usual or most of the usual shop courses. However, because I had a better equipped shop than the school I obtained full credit for machine shop work.

I later went to Stanford University and majored in mechanical engineering.

During the time I was in Stanford University the first world war broke out and the engineers at that time were urged to take an examination for commissions in the Ordnance Department of the United States Army.

I took the examination. I was commissioned as a first lieutenant and shortly afterward was sent to the plant of the Bethlehem Steel Company at South Bethlehem, Pennsylvania where I took training in ordnance materiel.

(Testimony of William A. Doble.)

They were making a certain large cannon for the British government and were going to build a large cannon for the American government.

The cannon included both the barrel and the carriage mechanism. [31]

Later I was sent to the American Car and Foundry Company in Detroit where they were making ammunition vehicles as well as shells.

And then later to the Harvey (phonetic) district of the Chicago Ordnance Office and there was Army inspector of Ordnance for three relatively small plants.

They were making railroad equipment, gasoline engines, artillery wheel carts and other sundry items which I had a complete supervision over.

During my time in college I was also doing development work on steam power plants and hydrocarbon fuel burning apparatuses, which my brother carried on while I was in the service.

On returning to San Francisco the development work had progressed to a point where I did not return to the university to finish my engineering course but continued with the development work which had been started while I was in college.

That development brought on a number of inventions, a few of my own, and I became acquainted with patents and that time or shortly after that time I studied the leading texts of patents and patent procedure and eventually when two of our patents became involved in litigation I was designated as the one to prepare the case for trial and on the

(Testimony of William A. Doble.)

completion of the case was requested to expert some cases for the firm of Lyon & Lyon, which I did, and have proceeded in that [32] business more or less since, excepting for the time I spent during the second world war as a major in the Ordnance Department of the United States Army.

Q. (By Mr. Leonard S. Lyon): Now, do you have an office? A. Yes, sir.

Q. Where is it located?

A. It is located in Menlo Park, California.

Q. Are you in the regular employ of any firm or concern or are you an independent consultant?

A. I am independent consultant.

Q. Have you been retained by the plaintiff in this case to testify as an expert witness on its behalf? A. Yes, sir, I have.

Q. And have you studied and do you understand the disclosures of the two patents here in suit? A. Yes, sir.

Q. Are you a licensed engineer in the State of California?

A. Yes. My registration number as a professional mechanical engineer in the State of California is 4,951.

I am also a member of the American Society of Mechanical Engineers.

Q. Will you just give the court an outline of what you have done in preparing to testify as an expert in this case on behalf of the plaintiff? [33]

A. I studied the patents in issue.

(Testimony of William A. Doble.)

I have read and studied the file wrappers of the patents.

I visited the defendant's plant and inspected and directed the taking of photographs of defendant's machines, and also directed the making of drawings of his machine.

Later I went to Chicago—went to Cleveland and there studied the operation of the Silberman machine in the Wilson plant of the Talon Company in Cleveland, Ohio.

Q. When were you retained by the plaintiff in this case?

A. My best recollection is it was sometime just prior to or during the early summer of 1951.

Q. Will you turn now to the first patent in suit, the '017 patent, and describe and explain to the court the method of making separable fasteners described in that patent and illustrated in the drawings of that patent, and also explain the operation and construction of the machine purported to be shown in Figures 2 through 7 of that patent insofar as there is a machine there shown?

A. Yes, sir. I have before me patent '017.

The Court: Let us have that patent in evidence while we are about it. It will be Plaintiff's Exhibit 1 in evidence. Is that satisfactory?

Mr. Leonard S. Lyon: Yes, your Honor. I will offer a copy of the Poux patent 2,078,017 as Plaintiff's Exhibit No. 1.

The Court: Separately or are you going to offer a book of patents? [34]

(Testimony of William A. Doble.)

Mr. Leonard S. Lyon: No, I think we will put these two patents in separately.

The Court: Exhibit 1 received in evidence and the clerk will mark it later. You may go ahead.

The Clerk: Plaintiff's Exhibit 1 in evidence.

(The document referred to, marked Plaintiff's Exhibit 1, was received in evidence.)

The Witness: I have Plaintiff's Exhibit 1 before me, namely the patent to Poux, '017, and I would like to read the first paragraph from this Poux patent which is entitled "Method of making separable fasteners."

The first paragraph reads as follows:

"The present invention is directed to the method of making slide fastener members, particularly of the type having attaching jaws, or prongs which are set astride a fastener tape and secured thereon and which members are provided with interlocking projections and recesses at their free ends. Heretofore the common practice of making such members has been to form the members individually and then secure them on the tape. In the present invention a plurality of members are formed with recesses and projections on opposite sides of each member, the exterior edges of the members fashioned, the [35] interior surfaces of the prongs or jaws, shaped and the members severed. Preferably the severance is between the jaws of one member and an adjacent member and the members are preferably severed as one of the members is united with the tape. In this way the fabrication is simplified,

(Testimony of William A. Doble.)

the operations made more certain and refinements in the members may be accomplished.”

Now, referring to the drawing, Figure 2 is entitled “A perspective view, parts being broken away, showing the apparatus,” and includes a pair of feed rollers which are indicated by the numeral 9.

The numeral 9 appears just opposite the lower end of the lower feed roller.

The two feed rollers are grooved to receive a round bar.

I will diverge just a moment to Figures 3 and 4. Figure 3 is a side elevation of the closing mechanism and Figure 4 is a modification of the jaw closing dies.

The reason I diverted to these two figures is to show that in one case a round bar is used, and this is a round bar in cross section, and in the other figure, namely Figure 4, a bar having a square cross section is used so that the machine shown in Plaintiff's Exhibit 1 contemplates the use of either a bar having a round cross section or a square cross section. [36]

If a square cross section were to be used, the bar having such section, would pass through a similar pair of feed rollers—that is the same as the feed roller 9 excepting that the feed roller 9 would have a square or rectangular section on their peripheries where they engaged in the bars instead of a half circular periphery slot—it would have a square rectangular slot about the periphery of the feed rollers.

(Testimony of William A. Doble.)

The Court: Is Figure 28 supposed to be the roller in Figure 3? What do you call those?

The Witness: Those, your Honor, are the closing dies which close the legs or jaws of the zipper element on the tape.

The Court: Are you talking about Figure 3?

The Witness: Figure 3 and Figure 4 show the closing jaws which close the legs of the element on the tape.

The Court: I thought you were referring to Figure 3 to demonstrate the use of the square bars as well as the round bars.

The Witness: Yes, your Honor. The square bar is shown in Figure 4 whereas the round bar is shown in Figure 3.

The Court: Well, I don't understand——

The Witness: I might point out to your Honor——

The Court: I don't understand what 28 has to do with it.

The Witness: It doesn't, your Honor. It is just [37] pointing out—the patentee defines that you may use either a round bar or a square bar and those figures illustrate both the round and the square bar and in the specifications on page 2, column 1, commencing at line 10 the patentee states:

“While the rod 3 so far as described is round in cross section and I have referred to the recess and projection sides of the member as that portion of the member involving the surfaces included circumferentially in the parts occupied by the recess

(Testimony of William A. Doble.)

and projection and extending axially therefrom in Figure 4 I have shown the red in square form."

And then continuing the quotation:

"This may be used where it is desired to have interlocking members of this cross section and the dies 28 under these conditions will fashion the jaw end of the members as desired. As indicated in Figure 4 it would give the jaw end of the clamps a round cross section at the free end of the member may retain a shape having parallel plane sides for the recess and projection."

In other words what I was pointing out to your Honor, is that the inventor might use either a round or a square bar.

The Court: All right, I see it now.

The Witness: And provide the necessary or suitable change in the feed rollers to accommodate either a round or a square bar. [38]

The Court: I see where 28 comes in now. You may go ahead.

The Witness: The round bar in Figure 2 is designated by the numeral 8, which numeral appears just ahead of the front edge of the feed rollers.

The Court: You mean the bar 2 in Figures 3 and 4 is 8 in Figure 1?

The Witness: No, your Honor. The bar 2 is the rib of the green tape—well, you don't have a green tape there, but it is the rib, as you will notice, at the top of Figure 2 after the tape has fed through the upper feed roller 12.

(Testimony of William A. Doble.)

There is a numeral 2 which indicates the rib of the tape to that vertically extending member which is designated by the numeral 2 in Figures 3 and 4 and is the edge of the tape upon which the element is to be fastened.

And the elements 28 are shown at the very end of the red bar just at the location or position which they would occupy when closing the legs of the members about the rib 2 of the tape.

The rod is fed intermittently through the feed roller 9 and we will assume that the rod has moved to its first position upon which the dies operate upon it, and now I will point out the dies and the forming mechanism as shown in Figure 2.

Directly above the rod 8 is a head designated by the [39] numeral 14. It is a rectangular head directly above 8.

To operate the head 14 is a plunger 15 which extends upwardly from the head and that plunger may be actuated by an ordinary punch press, as the inventor states in his specifications.

That head 14, in other words, is mounted for reciprocation up and down in a particular manner.

The under surface of the head 14 carries a recess punch 17. That recess punch co-operates with an opening 19a, which is formed in the die block which in turn is mounted upon the base of the machine and remains stationary so that during the downward movement of head 14 the recess punch, which is rounded on the rod engaging end, pushes a recess into the top surface of the rod.

(Testimony of William A. Doble.)

Now, the recesses are designated by the numeral 16 and are shown as the first disfiguration of the rod.

The Court: 6 instead of 16.

The Witness: 6 I meant, your Honor, yes. 6. At the same time the recess 6 is being formed by the recess punch 17 a projection 5 is punched down into the opening 19a.

Also carried by the head 14 is a key hole punch or key hole shaped punch 19 which is directly in back or ahead of the recess punch 17.

The die block, and for the purpose of illustration I will refer your Honor to Figure 5, the die block being Figure 6, [40] which is a planned view of the punch receiving dies and also to Figure 5 which is the bottom view of the punches.

Now, the punch 19 which is carried by the underside of head 14 is in the shape of a key hole and is shown in Figure 6. There is a key hole opening illustrated at 19a.

There seems to be—I pointed out previously that the opening 19a in Figure 2 was the opening in which the projection 5 was formed. However, in referring to Figure 6, although there was not a designation for the opening in which the projection 5 is formed, the patent refers to the recess in the die block by the numeral 18 and your Honor might put on that forward round hole that is shown in Figure 6 ahead of the key hole slot 19, the numeral 18 which the patentee refers to as the opening in which the projection 5 is formed.

(Testimony of William A. Doble.)

Now then during the stroke of the head 14 downwardly a key slot is pushed through the rod 8 and that key slot is the form as shown in Figures 5 and 6. The material is pushed right through the rod and passes down through the opening 19 clear of the die block or lower die 10.

Also the reciprocating head 14 carries two punches 21.

The punches 21, that is the shape of the punches 21 are clearly shown in Figure 5 which is the lower view of the head 14. And turning to Figure 6, which is the planned view of the lower die block, opening 21a on each side of the slot through the lower die block are shown in the form in which the metal is punched out or pushed out of the sides of the rod 8. [41]

The next die is carried by, or the next punch that is carried by the reciprocating head 14 is designated by the numeral 27 and is a spreading punch. It acts after the element which has been attached onto the tape and cut off from bar 8 to spread the key hole slot into the shape it is shown in Fig. 7. So that the jaws or legs 26 of the element are opened sufficiently to permit the element to be passed over the beaded or rib edge of the stringer 1 or tape 1 into position to be closed upon the rib of the tape.

Now, as all of the punches 17, 19, 21, and the spreader 27 are carried by the reciprocating head, during the downward movement of the reciprocating

(Testimony of William A. Doble.)

ing head 14, the recess and projection will be formed, the keyhole slot will be punched through the bar, the cut-outs at each side of the bar will be made, and the keyhole slot will be spread to open the jaws for movement onto the bead of the tape. Then the reciprocating die returns to its elevated position leaving any contact it might have had with the rod 8.

The next operation is performed by a pair of cutters, they are side cutters, and the one on the right-hand side of the bar is designated by the numeral 23, and the die forming that cutter is on the opposite side of the bar and is designated by the numeral 25. That cutting mechanism operates on the side of the bar and acts to cut the notched-out portions of the bar at the end of the keyhole slot, so that after the [42] cut is made the end of the keyhole slot is open. The cutter 23 is shaped as shown at 23a, as having a convex cutting surface. The purpose of that, the inventor states, is to give the forward end of the rod a rounded surface.

And if you will refer to Fig. 1A, which is a side elevation of one of the interlocking members, clamped upon the stringer, you will see at the forward end of that interlocking member, which the patentee designates by the numeral 3, the numeral 24, which indicates the rounded end, which was formed on the interlocking member 3, because of the particular shape of the cutter 23.

And as I pointed out, the jaws after the head 14 have returned to their position, that is, the jaws

(Testimony of William A. Doble.)

of the then leading interlocking member 3, and I will refer now to Fig. 7, are open.

The next step——

The Court: I didn't follow that.

In other words, I don't follow where this spreader 27 comes in. Obviously the spreader 27 would have to do its spreading after there had been a cut-off.

The Witness: That is correct, your Honor.

The Court: And after the die 23 and 25 in Fig. 2 had done the cutting.

The Witness: That is correct, your Honor.

The Court: On the other hand, the die 27 seems to be [43] attached to the block or head 14.

The Witness: Yes, your Honor.

The Court: And would come down at the same time as the other punches.

The Witness: That is correct, your Honor. But they come down after the leading element—the previous leading element has been cut off. The cutting off action in this patent is not accomplished during the downward stroke of the head 14. The cutting off action takes place after the head 14 has been moved upwardly to its upper limit of travel. So that you have the end of the slot, key slot 19, or key slot 20, open. The cutting elements are then moved outwardly from the bar, after they finish their cutting action, the rod 8 has not been advanced to engage the tape, so it is in the position as shown in that figure, if we cut off the leading element which is in engagement with the tape.

Then the head 14 moves downwardly, the spread-

(Testimony of William A. Doble.)

ing die or spreading punch 27 enters the keyhole slot and spreads the keyhole slot to the shape as shown in the forward element in Fig. 7.

Now, in Fig. 7 the element has already been moved forwardly to engage the tape, but after the operation of spreading the member that had been spread would be in the position of the left-hand element in Fig. 7, because the front element would have been cut off, the spreader could come down, spread [44] the legs or jaws, and after that spreading operation then the feed rollers 9 would be actuated to move the rod forwardly until those spread jaws or legs engaged the rib or head edge of the strip of the stringer or tape.

So that as I was saying, the keyhole slot has been opened. The next step is to actuate the feed rollers 9 to advance the rod until the spread jaws engage the rib 2 of the stringer 1.

Does your Honor follow that?

The Court: Yes, I follow that.

The Witness: Now, the rod is advanced when the head 14 has been returned to its upper limit of travel. And after the rod has advanced and the first interlocking member 3 is in engagement with the stringer as shown in Fig. 7, then the closing dies 28 are actuated to close the jaws 26 upon the rib of the stringer. Simultaneously therewith the cutter 23 in cooperation with the die 25 operate to cut off that finished element which has now been securely fastened onto the tape in correct position.

In this operation your Honor will observe that

(Testimony of William A. Doble.)

the rod which extends rearwardly from the position in which the jaws 26 are to be closed about the rib of the stringer 1, acts as a handle to maintain control of that interlocking element 3 until it is firmly clenched upon the rib of the tape. And after it is securely fastened to the tape, then it is cut [45] away from the handle.

After the interlocking element has been cut from the handle, the legs have been clenched about or clamped about the rib of the stringer, then the feed rollers 12 are actuated to lift the stringer upwardly so as to lift the interlocking member 3 that had just been clamped on the tape to the position of the element, interlocking element 3, in Fig. 2, which is just above the element which is about to be clamped upon the tape.

The Court: And rollers 13 probably work at the same time as 12?

The Witness: Yes, except they work differently. They work in this way: The rollers 12 act to move the tape intermittently. The rollers 13 act to tension the tape, to hold the tape taut, and also to keep it in perfect alignment at the end of the rod, so that the spread jaws will——

The Court: And the notches in rollers 12 are the device or means by which this intermittent motion is obtained?

The Witness: Yes, your Honor.

The Court: No notches in 13?

The Witness: No notches.

The Court: All right. It is 12 o'clock. We will take our adjournment until 2:00 o'clock.

(At 12:05 o'clock p.m., a recess was taken to 2:00 o'clock p.m.) [46]

Tuesday, March 1, 1955; 2:00 P.M.

The Court: You may proceed.

WILLIAM A. DOBLE

a witness called by the plaintiff, having been previously sworn, resumed the stand and testified further as follows:

Direct Examination—(Continued)

Q. (By Mr. Leonard S. Lyon): Will you please resume your testimony, Mr. Doble?

A. Yes, sir. Referring again to Plaintiff's Exhibit 1, Poux patent '017, I would like to summarize the operation of the mechanism shown in Figure 2 of the Poux patent.

In Figure 2 the rod is shown extending from the feed roller 9 to the edge of the tape.

At this particular portion of the operating cycle the feed rollers 9 are not operating. The rod 8 is stationary.

The head 14 is up at the upper limit of its travel. The cutters 23 and the closing dies 28 have not as yet been operated so that the next cycle of operation would include causing the cutter 23 in the closing dies and the closing dies to operate.

They operate while head 14 remains stationary.

(Testimony of William A. Doble.)

The closing die closes the jaws 26 on the rib of the tape.

The cutter 23 cuts the finished element from the rod. [47]

The cutter and closing dies return to their retracted position as shown in Figure 2.

The next operation is for the feed rollers—for the tape to advance, the tape with a newly attached element up one step in its operation. Thereafter the tape remains stationary.

The rod at this time remains stationary and the next operation is for the head 14 to be driven downwardly into its piercing and forming operation with the rod, the downward movement of the head causes simultaneously, practically simultaneous action of the punch 17.

The key hole slot punch 19, the side punches 21 and the spreader 27, and that operation takes place, as I say, while the cutter and the closing dies 28 remain stationary. The downward operation of the head 14 forms the recess and projections—recesses 6 and the projections 5, forms the key hole slot, punches the rounded sections on each side of the rod and opens the key hole by means of the spreader 27.

All of those operations take place during the downward movement of the head 14. [48]

Then the head 14 moves upwardly to its upper position and remains stationary, out of contact with the rod.

The next step in the operation is for the feed-

(Testimony of William A. Doble.)

ing rolls 9 to push the rod forwardly a predetermined amount until the open jaws 26 straddle the rib 2 of the stringer 1. Thereafter, as I pointed out, the cutter 23 and the closing dies 28 work in substantially simultaneous operation to clamp the element to the tape and sever that element from the rod.

Now, the rod during the closing of the jaws 26 acts as a handle to hold the element to be cut from the rod in perfect alignment, or at least in alignment with the rod, and in correct position on the tape.

The Court: Why wouldn't this machine work?

The Witness: I think it would work, your Honor. It will work on soft metals. I don't think it will work on hard metals, because of the very small size of the keystone punch.

The Court: The size of these holes, the shape of the holes, wouldn't make any difference, insofar as the device was concerned? I mean if the patent taught a certain device and taught a certain size hole, it wouldn't make any difference what size hole you made or what size shape?

The Witness: That is correct.

I believe the machine of the structure shown in the Poux patent would work.

Q. (By Mr. Leonard Lyon): Would it be practical? [49]

A. I don't think it would be commercially practical.

Q. What objection would there be to punching

(Testimony of William A. Doble.)

of the key hole slot and the formation of the scrap metal that is involved in that operation, if any?

A. Well, it is not desirable to have any scrap. The less scrap you have, the cheaper the elements can be made.

The material used in making the elements, true, is small, but when you consider the volume in which these elements are turned out, the overall cost of the material runs up considerably.

Now, you have a waste of material in making the keyhole. That has two disadvantages. One is wasting the material, and the other is disposing of that little waste piece. They are very small pieces, and if they get mixed up with the other dies, they are liable to cause them to fracture. In fact, that is one of the problems in all of these machines, is to get rid of scrap, so that it does not cause the punches to break or other unfortunate happenings of the mechanism.

Q. Would this machine as shown in the drawings of this '017 patent be practical for operation on flat metallic strips of the kind of metal that is customarily used in the industry?

A. No, it would not.

Q. Why not?

A. Because if you take a strip of metal, such as I have in mind, which is similar to that used in the manufacture of [50] commercial zippers, and try to——

Q. I think we had better identify that strip that

(Testimony of William A. Doble.)

you are using for illustration as Plaintiff's Exhibit No. 2.

The Court: Plaintiff's Exhibit 2 received in evidence.

(The exhibit referred to was received in evidence and marked Plaintiff's Exhibit No. 2.)

The Witness: Plaintiff's Exhibit 2 was given to me by Mr. Lipson at the Union Slide plant. I might add. So that, as I was saying, if a strip like Plaintiff's Exhibit 2 were used in the machine, such as disclosed in Plaintiff's Exhibit 1, and the cutting off dies or shearing members approach from the side, they would have a tendency to bend or buckle the material, deform it to the point where it would not make a commercial structure.

Q. What is the situation at the moment when the members 27 are spreading the jaws of the zipper element, with respect to whether or not the zipper element clamped on the tape is still in position to give you the handle effect?

A. May I have that question read, please?

Q. Maybe I can straighten the question out a little bit.

At the time when the spreader elements 25 function, has the more forward zipper element been cut off from the rod?

A. Mr. Lyon, you said——

Q. 27. [51]

A. Spreader 27 when it operates, the forward element as shown in Fig. 2 of the Poux patent has been cut off and moved up to the next position on

(Testimony of William A. Doble.)

the tape. That is, the tape has been moved up so that it carries that united element or fastener element up out of the way from the end of the rod.

Q. And there is no element between the element on which the jaws are being spread and the tape, is that correct?

A. That is correct, sir.

Q. Does that mean that the intended control that is provided by the handle has been lost to some extent?

A. Yes. It means this—I wouldn't say it had been lost; it never had it in the sense of confining or clamping the strip down during the cutting of the most forward element from the rod. Because at the time the cutting action takes place, the head 14 is in its uppermost position, and therefore the spreader is not in engagement with the top surface of the rod, nor is any of the other punches in engagement with the rod, so the rod is free and could bounce up or down with relation to the supporting guideway through the lower die. [52]

Q. How many operations of the ram are required with the apparatus of the '017 patent to produce all of the formations of the zipper element—that means the recesses and projections, the key slot, the cutting off, the clamping and the spreading of the jaws of any one zipper element. How many operations of the ram are required for each zipper element to complete those operations?

A. I would say three operations of the ram.

Q. With regard now to the individual zipper

(Testimony of William A. Doble.)

element what happens during the first operation of the ram?

A. The first operation of the ram punches the recess and forms the projection, punches the key hole and takes the little rounded slices off the sides of the bar and spreads the foremost key hole.

Q. No, I am talking about—if you will follow my question, I am talking now about one zipper element. I am trying to make the question simple.

The first operation of the ram with regard to that zipper element forms the projections and recesses, is that correct?

A. And the key hole slot.

Q. And the key hole slot?

A. Yes, sir.

Q. The same operation forms the key hole slot as forms the projections and recesses?

A. Yes, sir. [53]

Q. Now, what is performed on that particular element by the second operation of the ram?

A. The punches 21 cut the little rounded sections out of each side of the zipper or out of each side of the rod 8 for that particular element.

The Court: That is done at the same time the recesses are punched and the keyhole slot is punched?

The Witness: But on the advanced element, your Honor.

The Court: Well, go ahead.

Q. (By Mr. Leonard S. Lyon): Now what hap-

(Testimony of William A. Doble.)

pens to this same individual zipper element on the third operation of the ram?

A. The spreading punch 27 spreads the jaws 26 so that they will pass over the rib 2 of the tape.

Q. Now, as I understand you, the operation of cutting that zipper element off of the rod and clamping it on the tape is not performed by the ram, is that correct?

A. That is correct. They are formed during the dwell of the ram as the patentee states on page 1, column 2.

Q. You have mentioned the fact that the cutters in this device would deform a flat metallic strip if you tried to operate this machine with a flat metallic strip. What objectionable effect would that have on the positioning of the zipper element on the tape, if any?

A. I am afraid I didn't get the question. [54]

Mr. Leonard S. Lyon: Will you read the question, please?

(Question read.)

The Witness: It would tend to distort it or push it to the side. It would not only distort it but also tend to push it sideways.

Q. (By Mr. Leonard S. Lyon): Is that permissible in the manufacture of these zipper strings?

A. No, sir, it is not.

Q. Why not?

A. Well, because it throws them out of alignment with the tape and they should be aligned with the edge of the tape.

(Testimony of William A. Doble.)

Q. If they are not so aligned what difficulty is experienced in trying to use the zipper made from such strings?

A. They would not properly line up with the other—with the opposite stringer with which they are to be assembled.

Q. And would they therefore fail to function?

A. Well, they might not function properly—they might function but I don't think it would be a satisfactory union of the two.

The Court: When you talk about three operations, actually if the machine shown by patent '017 was in operation upon each stroke of the head there would be one zipper element made?

The Witness: That is correct, your Honor.

The Court: Upon each movement of the cutting [55] bar 23 there would be one made?

The Witness: That is correct, your Honor.

The Court: And each movement of the element 28 to clamp it on the bead would be one made.

The Witness: That is correct, your Honor.

The Court: So actually there are three things that happen, but they happen only once as to each element made?

The Witness: That is correct.

The Court: The head comes down?

The Witness: Yes.

The Court: And the cutting bar and the 28, whatever you call it, wedges the teeth on which operate together, if you want to call those three things or maybe two things—the head comes down

(Testimony of William A. Doble.)

and the cutting bar and compressor moves across thereafter and a zipper is made?

The Witness: Yes, with one exception, your Honor. At the time the cutting off action takes place and the time the legs are squeezed onto the tape the head has moved up out of the way because otherwise you would have a conflict between your spreading plunger and the cut-off blade.

Q. (By Mr. Leonard S. Lyon): Do you find that expressly indicated in the patent specifications?

A. Yes, sir.

Q. Where?

A. On page 1, column 2, commencing at line 28. I will [56] read it as follows.

The Court: Will you give that to me again?

The Witness: Excuse me, your Honor. Page 1, column 2 and line 28:

“With the next forward movement of the rod the keyhole shaped openings are advanced to the position opposite the cutter 23. This cutter operates in an interval or dwell between the forward movement of the rod and the descent of the punches.”

So it indicates——

Q. (By Mr. Leonard S. Lyon): Does the drawing in the '017 patent illustrate how or by what means either the cutters 23 or the closing members 28 are operated?

A. No, sir, it does not.

Q. But you know they are operated by the ram from the statement that you have just read from the specifications?

A. Yes, sir.

(Testimony of William A. Doble.)

Q. Is that correct?

A. Yes, sir; because when the cutter and the closing die 28 are operated the ram is stationary, not moving, so it could not cause the operation of the cutter and the closing die.

Q. This patent purports to cover a method and the apparatus described in the patent is merely by way of aiding [57] one in practicing that method?

Can you understand the method that is described in this patent independently of the apparatus?

A. Oh, yes, definitely.

Q. And do you believe the apparatus is workable but not practical, is that right.

A. That is correct.

Q. Does the patent actually describe the complete machine?

A. No, sir, it does not.

Q. You have referred to one sentence in the paragraph commencing at line 14, column 2 of page 1 of the patent.

I wish you would take that paragraph which purports to follow the operation of the apparatus and go through it for the court and relate it to the operations that you have described.

I find some difficulty in following this paragraph and I think you should dwell on it somewhat with the court.

The Court: You mean line 14, column 2, page 1?

Mr. Leonard S. Lyon: Yes, your Honor.

The Witness: Yes.

(Testimony of William A. Doble.)

Q. (By Mr. Leonard S. Lyon): Maybe you had better start at line 6 in column 2.

A. Referring now to Plaintiff's Exhibit 1, the patent to Poux, '017, and reading from page 1, column 2, starting at line 6 as follows: [58]

"The punches are carried by a head 14 from a plunger 15. This plunger is operated through any ordinary punch press (not shown). A punch 17 is carried by the head 14 and upon the depression of the head indents the rod forming the recess 6. At the opposite side of the rod, a projection 5 is formed, the die 10 being provided with a recess 18 to receive the projection."

I think it is clear down to that point. [59]

The Court: That is clear to me. All right.

The Witness: Fine. Thank you, your Honor.

"With the next advance of the rod a key-hole shaped slot 20 is formed by a similarly shaped punch 19"—

Q. (By Mr. Leonard Lyon): Stop right there. I think somebody said that the recesses and the keyholes were punched by the same operation of the ram.

A. That is correct.

Q. Is that the way it is described here?

A. No, it is not.

Q. Well, is there an error in the testimony or in the text of the patent?

A. It appears to be in the text of the patent.

Q. Proceed.

A. However, as you read further down, I think it becomes clear what the inventor meant by that.

(Testimony of William A. Doble.)

He really means that the recess and the keyhole are put into that particular element of the rod during a single stroke of the ram or head 14.

Continuing reading:

“the punch extending through the material and forcing the same through an opening 19a in the die, this operation removing the intervening material between the jaws.”

Q. Is that the intervening material which you said was [60] objectionable in your prior testimony? A. Yes, sir.

“With the next advance of the rod punches 21 cut rounded notches in the rod at the rear of the keyhole slots.”

Q. There the text describes that those notches are cut by a third operation of the ram, does it not?

A. Yes, it does.

Q. Is that in accordance with your understanding of the machine from the drawing?

A. No, it is not.

My understanding is that on the first down stroke of the ram for a particular element, the depression, projection, and keyhole slot is formed. On the next down stroke of the ram the rounded side openings are cut from the sides of the rod.

Q. You are speaking now of the same zipper element?

A. Of the same zipper element, yes.

The Court: The text says, “at the rear of the keyhole slots.”

The Witness: Yes, your Honor.

(Testimony of William A. Doble.)

The Court: You would ordinarily think that the front end of this rod, the part of the rod that was progressing toward the apparatus, would be the front end of the rod. Actually, according to the diagram of the machine, 21 cut rounded notches are cut at the front of the keyhole slot. [61]

The Witness: That is the way it appears, yes, your Honor.

The Court: All right. Go ahead.

The Witness: "These notches, using the strip in the form of the rod shown, outline the exterior edges of the fastener members. The rounded notches formed by this action give a rounded end 22 to the members so that they may be more readily operated upon the slider. The punches 21 operate in die openings 21a. With the next forward movement of the rod the key-hole shaped openings are advanced to the position opposite the cutter 23. This cutter operates in an interval or dwell between the forward movement of the rod and the descent of the punches."

The Court: I think I understand it.

The Witness: "It has a concave cutting surface"—That is referring to the cutter.

"It has a concave cutting surface on one face and preferably a plane cutting surface 23a on the opposite face. It operates in connection with a die 25 at the opposite side of the rod. The concave cutting surface forms a rounded end 24 (see Fig. 1a) and the plane cutting face leaves the free end of the interlocking member square with the projection and

(Testimony of William A. Doble.)

recess sides of the member. The cutter 23 operates and severs jaws 26 of the second fastener element [62] from the end in Fig. 7 forming an open slot at their ends and in the same operation severs the end fastener element from the second one from the end in Fig. 7. A spreader 27 spreads these jaws with the next reciprocation of the head, shaping the jaws, particularly the inner edges of the jaws, to the form shown in Fig. 7. With the next forward movement of the rod these jaws are advanced into position over the rib 2 on the stringer and simultaneously with, or slightly before, the cutters operate to sever the member, closing dies 28 operate upon the open jaws to close them, pressing them into clamping engagement with the rib."

Q. (By Mr. Leonard Lyon): In one part of this specification or statement the author is describing the sequence of operations on an individual zipper element, whereas in another part of the statement he is describing the operation with reference to the foremost zipper element, which is to be cut off, is that not correct?

A. That is correct, except for one point.

He states that during one operation of the head 14 the depression and projections are formed only. That is, he only indicates that that one operation takes place, whereas, in fact, not only the depressions are formed, but the key-hole slot is also punched through the bar. [63]

Q. In answering the next question, will you divorce from consideration the details that you have

(Testimony of William A. Doble.)

been referring to of the operation of the apparatus, which is set forth in this patent, merely to illustrate how an apparatus might be provided to carry out the method, and devote your attention to the method that is patented in this patent. What would you say are the essential meritorious features of that method?

A. I would say the meritorious features of the Poux method reside in manufacturing the element on the end of a rod. Then using that rod as a handle or means to control the formed element, advancing that formed element or manufactured element into position maintained in correct position by the rod, and there fastened to the tape.

Q. Will you compare your last answer with what is set forth at page 2 of the patent, column 1, commencing at line 25?

A. Reading from the Poux patent '017, Plaintiff's Exhibit 1, from page 2, column 1, line 26.

The Court: This is claim 4?

Mr. Leonard Lyon: Line 26 on page 2, column 1.

The Court: All right.

The Witness: "It will be noted that while the rod is still integral the recesses and projections of the members are formed for a plurality of members [64] and the intervening material is removed forming the jaws, or prongs for a plurality of members and after completely forming this plurality of members one member is severed from another. Thus in the rod as shown recesses for three distinct members are formed and the exterior edges of these

(Testimony of William A. Doble.)

members are also formed. Jaw slots for three distinct members are formed while the parts are integral, and the inner surfaces of the jaws"——

The Court: "Exterior."

The Witness (Continuing): "and the exterior surfaces of the jaws, or the exterior edges on a plurality of the members are formed by cutters 21 prior to the severance of one of those members from another and the interior surface of the jaws is shaped by the spreader while the two last members are still united and the jaws are severed one from the other with the severance of one member from another. This affords a simpler manner of fabricating the members, maintaining them in proper relation and permits, if desired, a greater range of finishing of the members than with practices heretofore used. It also simplifies the transfer, or assembly to the tape and while in the present exemplification and preferably the jaws are moved to a position astride [65] the tape, in the broader phases of the invention it is only necessary that there should be relative movement of the jaws and tape to bring the tape within the jaws."

Q. (By Mr. Leonard Lyon): The paragraph that you have read dwells, in part, on the formation of a plurality of these zipper elements on a rod, and then using the rod to apply the endmost of those elements to the type? A. Yes, sir.

Q. On the other hand, the paragraph also describes a broader aspect of the method. In its broader aspect is it essential that there be more

(Testimony of William A. Doble.)

than one zipper element completed on the rod before that element is cut off and applied to the tape?

A. No, sir; it can be one or a plurality, it wouldn't much matter. The same advantage would be obtained in the operation of this particular method.

Q. Now, will you look at claim 17 of the patent and tell me whether or not in your opinion it refers to the broader or the narrower aspect of the method that I have just referred to?

A. It is directed to the broader aspect of the invention.

Q. In your opinion would that claim apply to the formation of a single zipper element on the rod and the cutting [66] off of that element before the completion of the next succeeding zipper element?

A. Yes, sir, it would.

Q. I think now we will turn to the Silberman patent, if you will please do so. That is the '793 patent. And will you take the specification of that patent and the drawing and explain to the court the machine there described?

Mr. Leonard Lyon: I at this time will offer in evidence a copy of the patent to Silberman No. 2,437,793, granted March 16, 1948, as Plaintiff's Exhibit No. 3.

The Court: Received in evidence.

(The document referred to was received in evidence and marked as Plaintiff's Exhibit No. 3.)

(Testimony of William A. Doble.)

The Clerk: The metal strip was also in evidence, your Honor?

The Court: Yes, 2 was received in evidence.

Q. (By Mr. Leonard Lyon): In connection with that answer, Mr. Doble, in giving your answer you may for illustration use, to the extent that you desire, the chart which I previously handed to the court and referred to in my opening statement, and which sets forth in plate 1 the elements of claim 40 of the Silberman patent, and in plate 2 the corresponding parts of the machine illustrated in the Silberman patent.

And at this time I will offer in evidence the chart as [67] Plaintiff's Exhibit No. 4.

The Court: Exhibit 4 received in evidence.

(The chart referred to was received in evidence and marked as Plaintiff's Exhibit No. 4.) [68]

The Witness: The Silberman patent, Plaintiff's Exhibit 3, contains 10 sheets of drawings and I think it might be well if we just run through the drawings first so I may point out a general picture of the machine and of the various parts that comprise that machine.

Figure 1 is a side elevation—elevation view of the apparatus embodying the Silberman invention. It includes practically the entire machine above the legs.

Figure 1A is a planned view of a portion of a stringer that we have seen also in the Poux patent '017.

(Testimony of William A. Doble.)

Figure 2 is an elevational view of the apparatus as shown in Figure 1. In other words it is looking toward the feed wire side of Figure 1 and has left off from Figure 1 the wire feed reel as it appears in Figure 1.

Turning to the next sheet of drawings, Figure 3 illustrates the mechanism for intermittently causing the tape feed mechanism to operate as well as the wire or strip feed. In other words in that view the intermittent operation of the metal strip and the fabric tape is shown.

In Figure 4 there is shown a side elevation view of detail of the apparatus as shown in Figure 3.

It shows the manner in which one of the cams—that is the cam which operates the tape feed can be adjustably set so as to obtain the proper feed for the tape.

Figure 5 is a detailed front elevational view of assembly [69] of the ram, et cetera.

It shows the cross head to which the connecting rods are connected for operating the ram.

The ram is the part which corresponds to the red ram which we have depicted in Plaintiff's Exhibit 4 and is comparable in many respects to the head 14 of the Poux patent '017, Plaintiff's Exhibit 1.

The Court: You said the "red figure in Exhibit 4." It is orange color, isn't it?

The Witness: No, your Honor—well, the orange color is mounted on the ram, your Honor.

(Testimony of William A. Doble.)

The Court: Where is the red figure that you refer to?

The Witness: There is not a red figure. It is a heavy red line above the orange. It extends from the purple, from one purple to the other.

The Court: I thought you said "red figure." You mean the red line?

The Witness: The red line, yes, your Honor. That represents the ram in Plaintiff's Exhibit 4 to which certain of the operating parts are attached.

Figure 6 is the top view of the ram and its supporting guide. As will be noted in Figure 6 of the ram at its end is provided with inclined or angled surfaces for bearing in the support so that it may slide up and down with relation to the housing which is designated 278. [70]

I don't wish to go into too much detail with each of these figures at the present time. I just want to call attention to generally what they show so as to give a broad picture of the overall mechanism of the machine before we get into the details.

Figure 7 is a view of the upper end of the mechanism and shows the bracket which is mounted to the housing for supporting the shaft which carries the tape feed roller.

The tape feed roller is in the upper right-hand part of that figure and is designated by the number 168.

It is not shown very clearly in that view but if we look at Figure 6, which is an end view of Figure 7, the upper round wheel 168 is the wheel over

(Testimony of William A. Doble.)

which the tape is fed and causes it to move in a step-by-step manner.

To the right of that wheel is a brake shoe 208 which holds the tape onto the feed wheel with the proper tension so that it will feed in the desired manner.

Figure 7A shows a section of the feed wheel 168 and shows the manner in which it is notched out or recessed to accommodate one of the zipper elements, 178.

Turning to the next sheet of drawings, Figure 9 is the vertical sectional view on an enlarged scale taken substantially the length of the main housing to show the crankshaft and the eccentrics and the connecting rods which extend upwardly to the cross head of the ram and causes the ram to move up and [71] down in response to rotation of the main shaft 30.

I think that is all fairly clear and I think your Honor can pretty well picture that particular structure.

Figure 10 is a view of the eccentric used in Figure 9, the eccentric, eccentric strap and the cross-head pin.

Figure 11 on sheet 5 of the drawing illustrates the wire or strip feeding rollers in section and those two rollers are designated 94 and 96.

They are knurled on their surface and the two rollers are opposed to each other so that they grip the wire strip between the adjacent circumferal

(Testimony of William A. Doble.)

surfaces of the roller to force it into the machine proper.

It will be observed that those rollers are mounted for resilient action—that is the upper roller is provided with a pair of springs which forces it—which forces the upper roll down toward the lower of the two rolls so as to firmly engage the strip between the two rollers.

Figure 12 is an end view of the apparatus shown in Figure 11. There you can see the circles which include, first of all, the two gears which drive the feeding rollers.

Those gears may be observed in Figure 11. On the lefthand side of each of the feed rollers 94 and 96 are mounted respectively the gears 106.

The gears are approximately the same diameter as the feeding rolls and are really a part of the apparatus shown [72] in Figure 12.

There is also a little guide for directing the entrance of the wire strip into the feeding roller which is shown at the left-hand side of Figure 12 as projecting out from about the center portion of that figure.

The handle which extends upwardly to the left and is designated by the number 124, is used for the purpose of forcing the upper roll free from the lower roll so that a new strip may be easily fed in between the two rollers.

Figure 13, in the upper left-hand corner of the drawing, shown on Figure 5 is an end elevation of the brake mechanism which is used on the wire

(Testimony of William A. Doble.)

feed. The purpose of the brake is to prevent the wire from over-feeding or from slipping backward after it has been positively driven by the feed roller.

Figure 14 is an elevational view of Figure 13.

Figures 15 and 16 illustrate the brake mechanism for the tape feed—that is for the fabric tape so that it will not advance beyond the point where it should and also prevents it from moving backward.

Figure 17 is a planned view of a strip as it appears—as its end is worked and cut.

It shows two of the heads or projections formed above the rounded cut adjacent to the lower end of the strip.

The strip is designated by the numeral 12 and the rounded cut is designated by the numeral 467. [73]

Within the rounded cut is illustrated the beaded portion of the tape is there designated by the numeral 174.

The next figure, 18, shows the planned view of the element if the element were merely cut off from the end of the wire strip and without applying it or clamping it upon the bead of the tape.

That operation does not normally take place in the machine. This view was primarily for the purpose of illustration.

Figure 19 shows the manner of the first clamping action which closes the jaws or legs of the zipper element about the bead of the tape and Figure 20

(Testimony of William A. Doble.)

shows the same element after it has passed through the second clamping operation.

In this particular patent there are two stages of clamping operations.

In Figure 20a at the very bottom of sheet 5 of the patent is a vertical cross-sectional view of the element such as show in Figure 20—the tape not being shown. And in that illustration the head 368 and the recess 370 is clearly shown and the zipper element itself or the element itself is designated 178.

In the next sheet of drawings, Figure 21, is a front elevational view of the base die block clamp blades and the punch block assembled.

It in some respects is very similar to Figure 5 but to which the operating elements have been attached. [74]

It also shows in this figure the housing which encloses the two clamping jaws which clamp the legs of the zipper to the tape.

It also shows adjusting screws for adjusting the various parts to bring about the proper co-ordination with relation to the punches and closing during the formation of the zipper and mounting it on the tape.

Figure 22 is an elevational view of Figure 21 but shows in detail or cross-sectional detail, one of the clamping blades, 524, which is located down in the lower central portion of the figure and rides in the clamp blade guide 510.

The figure 510 is slightly above the left-hand pro-

(Testimony of William A. Doble.)

jecting block down near the lower end of the figure.

The Court: I see it.

The Witness: As I say, I am not going into great detail on this now. I just want to point out the various elements generally.

Figures 23, 24, 25, 26, and 27 illustrate the die block which co-operates with the punches carried by the ram in forming the zipper element.

I will go into that in more detail later.

Figures 30, 31 and 32 illustrate on an enlarged scale the end portion of the clamping blade 524 which effects the clamping of the legs of the elements to the tape as shown in Figure 32. [75]

The Court: Where is Figure 31?

The Witness: Figure 31 is right to the left of Figure 30, your Honor. It is a very small figure. Part of it is in cross section. It is directly in front of Figure 30.

The Court: All right.

The Witness: Figure 32 illustrates the clamping blades in relation to a series of zippers which normally would be mounted on the tape passing up through to the tape feed.

The lowermost is being clamped on the tape by the lower jaws of the clamping blades.

Then there is a recessed portion of the clamping blades forming the gap 550 so that the next two elements are not engaged by the adjacent ends of the clamping blade and then on the fourth operation or the fourth element up is shown as being

(Testimony of William A. Doble.)

engaged by the upper face 560 of the upper portion of the clamping blade.

Now, turning to sheet 7 of the drawings. Figure 37 and 38, starting at the upper left-hand corner of the page, there is shown two views—38 in cross section and 37 in plan of the blade clamp housing. In other words the blade clamp slides in the groove 520 of the housing.

In Figures 39 and 40 there is shown a full view of the clamping blade.

Figure 39 is an elevational view of the clamp blade and Figure 40 is an end view. [76]

Figures 35 and 36 illustrate—Figure 35 illustrates in planned view the die block. It is the retaining or supporting block to which the die block is mounted.

And Figure 36 is an end view of the block.

Figure 33 is a planned view of the ram and illustrates the manner in which the punches are mounted on the die block of the ram.

Figure 43 shows a planned view of one of the cam members which is mounted on the ram for actuating the slide or clamping blade which closes the legs of the element on the tape.

There is one of those mounted on each side of the ram as is shown in Figure 31.

You will recognize the same large parts on Figure 31 by the general rectangular shape of the piece with the elongated slot 500 formed therein mounted on each side of the ram, it having cam surfaces—inclined cam surfaces 105 at the lower

(Testimony of William A. Doble.)

end for engaging on corresponding inclined cam surface 542 formed on the clamp blade as shown in Figure 39. [77]

In other words, the cam surface 542 shown in Fig. 39 is engaged by the inclined surface or cam surface 504 of Fig. 43.

Fig. 44 is merely an end view of Fig. 43.

Figs. 44, 45, 46, 47, and 48 show——

Q. You are on sheet 8?

A. On sheet 8—illustrate a cam member which is used to release the feed of the tape shoe. In other words, the tape shoe as we see it in Fig. 8 on sheet 3 of the drawings is pressed against the periphery of the tape feeding wheel 168. And in order to facilitate mounting the tape on the feed wheel 168, that brake shoe is retracted by means of cams, which we have just observed in Figs. 45 through 48.

Figs. 48, 50, 51 and 52 illustrate a guide for guiding the wire into the machine.

Figs. 54 and 55 illustrate a tape tensioning mechanism. It acts not only to tension the tape as it passes from the tape feed up through the fastening location, but also acts to guide the tape. It gives a guiding and friction effect to hold the tape properly taut in position for the clamping of the element to the tape.

Fig 56 is a transverse sectional view on line 56—56 of Fig. 33.

Now, if we turn back to Fig. 33, which is shown on sheet 7, which is the next sheet back, and if you will note on each side of that figure there is a

(Testimony of William A. Doble.)

heavy broken line with an arrow [78] pointing downwardly and the figure "56" adjacent the head of the arrow, that indicates the plane through which the section of Fig. 56 is taken, and it also illustrates the nesting of the punches in the punch block which, in turn, is fastened to the ram which reciprocates up and down.

The particular form of the punch which forms the recess and projection is shown in Figs. 57, 58, 58a, and 59. The cut-off punch is shown in Figs. 60 and 61.

Now, if we will look back to Fig. 56 we will note that there is a little square in the center of a larger square in about the center of the Fig. 56. That smaller square is designated by the numeral 324, and you will observe in figures—especially Fig. 58, the corresponding numeral 324, which indicates that the punch for making the recesses and projections is mounted in that particular portion of the die block or ram block.

The next square outwardly or downwardly from the square section 324 in Fig. 56 is designated by the numeral 322, which is the punch section which is illustrated in Figs. 61 and 60 to the right of Fig. 56.

It illustrates the mounting of the two punches closely positioned in the punch block, which is carried by the ram of the machine.

Figs. 62 and 63 deal with a particular form of mechanism for periodically interrupting the attaching of elements to [79] the tape, and I do not be-

(Testimony of William A. Doble.)

lieve that we need go into that. That is a phase in the operation which is not involved in the matter before us.

Turning to sheet 10, and to Fig. 65, which is illustrated in the upper portion of sheet 10, Fig. 65 is a planned view of a portion of the base. In this figure the die block into which or which cooperate with the punches carried by the ram are shown in their relation to the block 246. The block 246 in a sense forms a part of the base of the machine.

Now, if we go down to Fig. 64, to the lower left-hand side of sheet 10, we have a cross-sectional view illustrating the punch block, that is the lower punch block, the punch retaining member, and the punch with a base and also the die block. The upper portion indicates the ram. The ram is designated by the numeral 272, and it is the member that moves up and down in a formation of the elements.

To the front face of that ram is mounted a ram block, and that is designated by the numeral 308.

The ram is not shown in full details. It is broken off. However, the full section of the ram block is shown.

Next to the ram block to the left is the portion designated 314, which is the punch block, which is mounted in and clamped to the ram block.

And it will be observed in this punch block, the punch section 324, which is the punch into which the metal is forced [80] to form the projection, and then to the left of that there is the punch section 322, which cuts off the element from the strip at

(Testimony of William A. Doble.)

about or substantially the same time that the element is fastened to the tape.

Now, cooperating with the punch member 324 is the lower punch member 324, it having an upwardly projecting projection 366, which forms the depression in the strip, while that material or metal that is forced upwardly flows into the depression in the punch section 324, forming the projection on the upper face of the strip and a depression in the lower section of the strip.

The next member in order is a spring pressed member which is pushed downwardly during the shearing action of the finished element from the metal strip. And after the ram moves upwardly, taking with it the cutting die, or cutting punch, the spring pressed member lifts the forward end of the cut tape so that it will feed forwardly over a pilot projection formed on the lower cutting die, which is shown not too clearly, but is indicated by the number 462.

Now, if we look directly above to Fig. 65, the parts that we are looking at in Fig. 65 are the punches, the upper end of punches 440.

The Court: Are you looking at Fig. 65?

The Witness: 65, yes, your Honor. And it is sort of a T-shaped member, part of which is under the stripper plate [81] 426, that is, the T-shaped portion of it, and forwardly of that there is a little sort of a square portion which is the projecting die portion which pushes the depression or recess into the strip.

(Testimony of William A. Doble.)

Then next to that is the spring pressed member, which is pushed down during the cutting operation. And then just forwardly of that member is the cut-off die, and you will notice that it has a rounded shape, which is the shape of the rear end of one element, and forms the opening at the end of the next element, forming therein the curved portion as shown in Fig. 18 on sheet 5.

The V-shaped slot, which enters from the left, is the slot through which the tape is fed. It has a slight rounded opening toward the face or formed in the face or through the edge of the shearing die. That is for the bead or flange of the tape to pass down through the die mechanism.

And, lastly, we have Figs. 66, 67, 68, and 69, which illustrate the tape 172 passing down past the end of the wire or strip 12, about which the legs 466—that is, about the beveled edge of the tape the legs 466 extend or straddle. And it also shows two heads formed on the strip above the tape opening. The heads are designated by the numeral 368.

Fig. 67 illustrates the closing of the legs and the clamping of them upon the bead of the tape during the initial clamping operation as I have previously pointed out. [82]

Fig. 68 shows the element cut free from the wire strip.

Fig. 69 shows the second clamping operation which elongates the zipper element and removes the little side projections 554 as they appear in Fig.

(Testimony of William A. Doble.)

68. The zipper then is finished and passes on up over the feeding roll and out of the machine.

Q. Do you want to take a few minutes?

A. If I could take a recess, your Honor, I could take a drink and my voice would be a little better.

The Court: It is time for a recess. I didn't realize how late it was. We will take a short recess.

(Recess taken.) [83]

The Court: You may proceed. I am sorry to be late but I had some other business, both at noon-time and at the recess which I had to attend to. You may proceed.

Q. (By Mr. Leonard S. Lyon): Mr. Doble, can you now identify the essential and important elements of the machine described in the '793 patent and perhaps you can illustrate the same by use of the chart, Exhibit 4?

A. Yes. I have before me Plaintiff's Exhibit 4 and I will refer first to plate 2 of that exhibit.

In order to simplify the structure and to make a pictorial representation of the important features of the invention I first sketched out a figure like shown in plate 2 and then had a draftsman make it. It is not a scale drawing. It is primarily a pictorial representation of the important features of the Silberman patent, Plaintiff's Exhibit 3, I believe it is—yes, Exhibit 3.

For example, I have illustrated the ram merely by a heavy red line which extends diagonally from the upper left to the lower right of the figure, because I felt that it didn't much matter whether the

(Testimony of William A. Doble.)

ram was of one mechanical construction or another. The important thing was that there was a ram and what did the ram do?

So, I have extended from that heavy diagonal line vertical lines which engage certain elements and have little arrowheads indicating that those elements to which those lines [84] continue are parts that are carried by the ram and operate with the ram.

Likewise, I didn't feel it mattered much what type of base was used. Many forms of base could be used, so I merely indicated that there was a base by the broken lines and the little shading lines adjacent to the parts carried by the base.

I provided a set of feed rollers for the metal wire which is intermittently operated but I didn't feel that the intermittent operating mechanism was particularly essential because many different forms of intermittent operating mechanisms could be used.

In the same way I depicted the tape feed wheel which is shown in the chart as brown, over which the completed tape is fed and the wheel is opposed by a brake shoe so that the tape is held onto the feed wheel in order to step-by-step *move* the tape.

Here again I didn't think it was important as to the particular form of driving mechanism for the tape feed wheel need to be illustrated. [85]

Now, I might apply the claim 40 to the figure of plate 2 to show wherein each of the elements which are the important or the essence of the invention are found in plate 2.

Q. (By Mr. Leonard Lyon): The elements that

(Testimony of William A. Doble.)

are set forth in plate 2 are actually identified and described in the specification and shown in the drawings of the '793 patent, are they not?

A. Yes, sir, they are.

Q. When you run one of these colored lines from an element in the legend in plate 1 over and terminate it with the colored part corresponding to the color of that line, do you mean to say that the machine described in the '793 patent actually contains that part, is that correct?

A. That is correct.

And that is clearly illustrated by, for example, the first element of claim 40, which reads, "a base." From that first element I have, by means of a black broken line carried the legend "a base" over to the orange punches and the yellow clamp blade, which is the clamp blade 524 of the patent, which is slidably mounted on the base.

The punch members, which is shown in orange, are supported on the base, they are fixedly mounted on the base. And you will notice that the black lines which indicate the base are in contact with the lower ends of those two punch parts, whereas the part which indicates the base adjacent the [86] yellow clamp blade 24 is spaced slightly from the side of that clamp blade, indicating that it is slidably mounted on the base.

It doesn't much matter what kind of a base you have. Many forms of bases could be used. So there was no need of making any particular form of base.

The next element reads, "a ram movable with relation to the base," and from this element I have

(Testimony of William A. Doble.)

drawn a light red line, which leads to and by means of an arrow points out or indicates a heavy red line, which represents the ram 272 of the patent.

Now, as I said before, the particular form or shape of the ram is not important. It can be many forms and many shapes. The third element defines, "means for feeding a substantially uniform metallic strip between the ram and the base," and we have a blue line leading from the word "means" to the two feed rollers, which are colored blue, and in the patent are designated by the numerals 94 and 96. And those rollers have positioned between them a substantially uniform metallic strip, and that is illustrated in the figure of plate 2 as the pink strip which passes between the two feed rollers over toward the green tape. And it passes between the red ram and the black indication of the base.

The fourth element includes, "means for feeding a tape in a fixed path past the end of the fed strip," and from the [87] word "means" there is a brown line that carries over toward the upper right-hand portion of the figure and extends downwardly and terminates with an arrow. And there in brown is depicted the feed wheel 186 of the patent about which the tape is fed, or which acts to feed the tape, and against that tape mounted on the feed wheel is a brake shoe 208 as so designated in the patent. That brown brake shoe holds the green tape in contact with the intermittently rotated tape wheel 168 so as to advance the green tape each time an

(Testimony of William A. Doble.)

element has been attached to the tape and severed from the pink strip.

Element 5 reads, "The ram and the base having complementary means for forming and separating a slide fastener element from the fed strip."

Now, the complementary means on the ram are indicated by the orange line, which extends to the two upper orange elements, which are indicated as being mounted on the ram by the downwardly extending red lines of the ram with the little black arrows, which engage the centers of the orange members, or complementary means. The orange line then extends, also, downwardly and to two cooperating or complementary means, one the projection-forming die or punch, which is designated by the numeral 366 in the patent, and also the cut-off die, which is designated 456 in the patent. [88]

The Court: The cut-off die is the larger orange picture?

The Witness: That is right, your Honor, with the rounded edge facing toward the left, which is the same rounded shape which is given to the element when it is cut from the strip.

The Court: What is the number of the cut-off die?

The Witness: 456, your Honor.

The Court: 456?

The Witness: Yes, your Honor.

The Court: That is the bottom part of it?

The Witness: That is the bottom part of it. The upper part is 322 and the upper part of the pro-

(Testimony of William A. Doble.)

jection forming die is 324 and the head formed by those dies is the full line black head, the two of them formed on the right-hand end of the strip, and in the patent are designated by the numeral 368.

Q. (By Mr. Leonard S. Lyon): To what extent does the shape of these parts that you have just identified as they appear in this exhibit 4, correspond to the shape of the corresponding parts as shown in the patent?

A. The effective parts closely resemble the corresponding parts in the patent.

Q. In other words you attempted here to reproduce the actual shapes of those parts?

A. That is correct. But the length of those parts are [89] not the same as in the patent. As I said, I didn't think it mattered very much whether the punch was three inches long or six inches long, as long as it performed the function in combination with the elements sufficient to illustrate the elements and its operation.

The sixth element reads:

“A pair of jaws on the base immediately at the position of the separating means, the jaws being disposed on either side of the tape and being slidable toward each other for engaging and closing the element upon the edge of the tape as it is separated from the strip.”

And on plate 2 I have indicated a pair of jaws which in the patent are referred to as the “clamp

(Testimony of William A. Doble.)

blades," and they are designated by the numeral 524.

As will be observed in plate 2, there is a lower clamp jaw or blade which is directed toward the legs of the element which is about to be fastened to the bead 174 of tape 172.

Directly above the pink metallic wire or strip there is a second yellow clamping blade which also bears the same numeral in the patent, '524, so that we find in plate 2 a pair of jaws.

The Court: Let me interrupt.

The Witness: Yes.

The Court: Ordinarily when you say "a pair of jaws" *you* [90] *one* jaw on either side and according to the patent description they come together and do the clamping action?

The Witness: That is correct.

The Court: Does the patent also show the two pairs of jaws as you have shown on plate 2?

The Witness: Yes, your Honor.

The Court: In other words you wouldn't call the jaws that appear on plate 2, the lower and the upper one, both on side, as a pair of jaws?

The Witness: No, your Honor.

The Court: They are the complimentary parts of two pairs of jaws?

The Witness: That is correct, your Honor.

The Court: But the patent shows two pairs of jaws.

The Witness: The patent shows two pairs of jaws and each jaw having two engaging surfaces.

(Testimony of William A. Doble.)

The Court: I see.

The Witness: So, I have shown in plate 2, Plaintiff's Exhibit 4, a pair of jaws. They are slidably mounted on the base and they are immediately at the position of the separating means, the jaws being disposed on either side of the tape as is clearly shown in this figure for engaging and closing the element upon the edge of the tape as it is separated from the strip. In other words those two yellow jaws will move toward each other. They will engage the dark pink legs of [91] the element which is to be severed and they squash those legs tightly upon the bead 174 of the tape.

Q. (By Mr. Leonard S. Lyon): Now, what is intended by the dotted configuration of that pink zipper element?

A. That is the line along which the element will be separated from the wire or metallic strip.

Q. By the operation of the cutter when the ram comes down? A. Yes, sir.

Q. But there is no such actual line created by anything at the stage indicated by this chart?

A. That is correct.

Q. This is an imaginary line to show you where the cutter is going to cut, is that correct?

A. That is correct. And in the same way the projection or head furthest to the left is shown in broken lines to indicate that that will be formed on the next stroke of the ram in the same way that the dotted rounded portion of the darker pink end

(Testimony of William A. Doble.)

of the right-hand end of the metallic strip is severed from the metallic strip.

Q. In other words——

A. During the next stroke of the ram.

Q. In other words the dotted configuration indicates something that is going to happen on the next stroke of the ram but hasn't yet happened, is that correct? [92]

A. That is correct, sir. And in that connection I will call attention to the full line projection or head 368 in between the dark pink head, which is formed in dotted lines, and the head formed on the dark pink section that is going to be cut off.

Now, that head was formed on the previous stroke of the ram.

Now, the next element or the seventh element reads:

“And means on the ram for engaging the jaws to drive them into engagement with the element to close it upon the edge of the tape.”

Now, from the word “means” there leads a purple line which extends upwardly and has a narrow head pointing to a purple means, which is a cam, and is designated in the patent as cam plate 498.

That cam plate, as you will observe, at least the upper end of that cam plate is engaged by the red line with the little black arrow which represents that that particular element is carried by the ram.

The fact is there are two of those elements, one in the upper left-hand portion of the figure and one

(Testimony of William A. Doble.)

in the lower right-hand portion of the figure. And each is designated with the numeral 498.

They are each colored purple and the lower end of the ram is provided with a cam surface. That same surface is [93] a surface cut off on about a 45-degree angle. That surface engages when the ram is making its downward stroke. The cam surface 542 on the outboard end of the yellow jaws 524 so as to force the jaws or clamp blades 524 toward each other. That is, their inner ends toward each other to clamp the legs of the element about the bead 174—of the green bead 174 of the tape so that we find there that on the down stroke, or a single down stroke of the ram the yellow clamping blades are forced toward one another by the purple cam plates to close the legs of the element on the bead of the tape.

The cut-off die, which is also carried by the ram 272—that is cut-off die 322 and is carried by ram 272 moved down and cuts from the metallic—the pink metallic strip the dark pink portion which is bounded by the broken line. That action takes place after the legs of that particular pink element have been closed upon the green bead of the tape. That shearing action takes place over the lower cut-off die 456 and then the projecting form punch or die 324 engages the pink metallic strip and forces it down on the projection 366 of the lower projection forming die and thereby forcing the metal up into the pocket of die 324 and forming the head 368 as

(Testimony of William A. Doble.)

shown in broken lines and is colored dark pink on the light pink metallic strip. [94]

The Court: It does that on a portion of the metal strip which will be the third unit that will be created?

The Witness: That is right, your Honor.

Q. (By Mr. Leonard Lyon): Is it your testimony that plate 2 of this Exhibit 4 shows the elements of the machine described in patent '793 which are called for by claim 40 of that patent?

A. Yes, sir. I haven't quite finished the claim, Mr. Lyon.

Q. Proceed. I didn't mean to interrupt you.

A. The last element, the eighth element, reads: "The jaws and jaw engaging means having cam faces for direct engagement." Those are the cam faces which I have pointed out which are formed between the purple cam plate 498 and the cam surface 542 at the outboard end of the yellow jaw 524, and those two surfaces are brought into direct engagement to force the two clamping jaws into element fastening or crimping effect on the bead of the tape.

Q. You have not shown in plate 2 of Exhibit 4 the structure that produces the second clamping action of patent '793, have you?

The Court: Yes. That is the upper jaw.

Q. (By Mr. Leonard Lyon): That is the upper jaw?

A. Yes, that is the upper jaw and its purple operating cam. [95]

(Testimony of William A. Doble.)

I have shown both the jaws and both of the operating cams.

Q. Is that second clamping action or upper jaw called for by claim 40?

A. I don't know if I understand your question, Mr. Lyon.

Q. As I understand it, you have described, in connection with patent '793, two clamping actions or two clamping blows to clamp the jaws of the zipper elements, is that correct?

A. That is correct.

Q. Does claim 40 call for both of those clamping actions?

A. No, sir. It is broader than that specification detail.

Q. It just calls for one?

A. It calls for a clamping action.

Q. And what difference does it make whether you have a single clamping action or a double clamping action in the operation of this type of machine?

A. It doesn't make any difference. It is a matter of refinement in making the two clamping actions in place of one.

Q. Have you finished with your explanation at this point?

A. Well, I would like to go a step further, Mr. Lyon, [96] if I may.

Q. I don't mean your whole testimony, but I mean your explanation of chart 4.

(Testimony of William A. Doble.)

A. No. I would like to go a step further if I may.

Q. All right. Go ahead.

A. There is the relationship between the operation of the several instrumentalities.

Q. My next question is, now that you have identified the parts that are called for by claim 40, I would like you to describe the method of operation which is involved in the operation of this machine.

A. Yes, sir. I find in the method of operation of the mechanism shown on plate 2—well, I might say right off, in my opinion it embodies the method of Poux' patent, in that it manufactures the element at the end of the pink strip. It uses the strip to properly align and retain control of that element until it is accurately clamped upon the green bead of the tape as shown in this illustration.

Q. Is it identical with the operation of the apparatus shown in Poux' '017 patent?

A. No. The structure is quite different in plate 2 of Plaintiff's Exhibit 4.

Q. How about the operation?

A. The broad operation, that is, the method, I would say, is the same, but the operation of the structure as shown [97] in the Poux patent is different. For example, in the Poux patent you have a punch for making the key-hole. There is no punch for making any key-holes in the Silberman structure as shown on plate 2 of Plaintiff's Exhibit 4.

There is a spreader carried by the punch head 14 of the Poux patent, which is not found in the struc-

(Testimony of William A. Doble.)

ture of the Silberman machine as depicted on plate 2 of Plaintiff's Exhibit 4.

Q. You have already called attention, in connection with Poux patent '017, to the fact that the cutters operate from the side; will you compare the cutting action in the case of the machine of the '793 patent?

A. Yes, sir.

Referring again, to plate 2 of Plaintiff's Exhibit 4, it will be observed the cutting action takes place in a vertical plane. That is, the upper cutter member 322 moves downwardly and shears the pink metal strip or wire 12 against the curved surface of a lower cutting die 456, which is mounted below the pink strip. So the cutting action is in a vertical direction as against a horizontal or sidewise direction as found in the Poux patent '017.

Q. What actually is the cutter in the case of the machine of the '793 patent?

A. The ram operates the cutter.

Q. The cutter is carried by the ram? [98]

A. One part of it is carried by the ram and one part by the base, and the active part carried by the ram is moved with the ram to perform its cutting operation.

I believe I was pointing out the operation of this particular structure, and I will point that out with relation to the parts as they appear on plate 2 of Plaintiff's Exhibit 4.

The next operation, or I will say the first operation from the position of the parts shown in this

(Testimony of William A. Doble.)

figure is for the movement of the ram downwardly. The movement of the ram downwardly carries the purple cam plates 498, the orange cutting die 322, the orange head forming die element 324. As the ram moves downwardly, the cam surfaces of the purple cam plates engage their related cam surfaces on the yellow closing jaws. The yellow closing jaws are then forced into engagement with the dark pink legs of the element, closing the element about the enlarged bead 174 and of the tape 172, which are colored green in this illustration. At substantially the same time or about that time, or even during that time that the legs are being clamped on the green bead of the tape, the orange cutter 322, which is carried by the ram, engages the top flat surface of the pink metal strip, forces it down against the flat face of the lower cutting die 456, thus not only aligning the pink metallic strip with the top surface of the cutting die, but also clamping it tightly against [99] that surface during the swedging or pressing of the legs of the zipper element onto the bead of the tape.

Likewise, at about that same time or shortly thereafter the head forming die element 324, which is also carried by the ram, engages the pink metal strip and forces it down so that the head is formed on the pink metal strip by the orange projection 366 of the lower head forming die. [100]

The Court: Might I interrupt you there?

The Witness: Yes, your Honor.

The Court: You said that this cutter cuts off at

(Testimony of William A. Doble.)

about the same time that the legs are closed around the bead.

The Witness: Yes, your Honor.

The Court: Now, did you misspeak yourself when you were talking about point 7 under the element of the patent means? My notes say that the cut-off action takes place after the legs have been closed around the bead.

The Witness: Well, it is simultaneous—the cutter might start first.

The Court: I see that it could be constructed, from this diagram, to make it cut first.

The Witness: It could cut first.

The Court: All you would have to do would be to have your purple cam 498 so that it began operation long before the punch and the cutter came down.

The Witness: Yes, that is true.

The Court: But as I have it you did say it took place after the legs were closed—the cutting took place.

The Witness: The cutting took place after the legs of the element are closed about the green bead of the tape. However, the cutting could take place simultaneously with the gripping of the legs about the bead of the tape.

In other words as soon as it starts to grab, the legs [101] start to grab ahold of the tape you have the element located and then the further clamping action merely secures the legs of the element that much more firmly on the bead of the tape.

(Testimony of William A. Doble.)

So, the cutting action could start after the legs of the element are fastened to the tape or those two actions could take place simultaneously.

It is a matter of adjustment of the machine and it is preferred that the legs are closed sufficiently upon the bead of the tape so that they are definitely located in that particular position before control of the element is lost by cutting it off. Once you cut it off you have lost control of it.

The Court: I understand that.

The Witness: And that is one of the virtues of the Poux and this particular patent, is that you don't lose control of it until after the element is fastened to the tape.

Now, another important phase of that cycle of operation resides in this, that in a very high speed machine, which is one of the features of the Silberman patent, it provided a relatively simple and inexpensive machine which has been able to run at very high speeds, much higher speeds than they have been able to run zipper machines up to this time.

Now, in a very high speed machine everything is bouncing around and you can't leave any part to chance that it will stay in the place it is supposed to stay. [102]

Also there is another important feature that we should consider. The wire is a metallic strip. It is relatively thin but it is wide. It gets little wavers in it. Those should be straightened out at the time the element is fastened onto the tape.

(Testimony of William A. Doble.)

So as to accomplish the complete control of the element with this strip at the time it is mounted on the tape, not only is the pink metallic strip used as a handle but the metallic strip is clamped very tightly between the cut-off die, between the two cut-off dies and the two dies which form the head. In other words the metallic strip is not permitted any latitude to escape from its correct register and position with relation to the head of the tape.

And in that respect this Silberman patent differs from the Poux patent in the absolute control as to all the angles—high speed, vibration, inaccuracies or wavers in the strip so that regardless of those conditions the element will be accurately and each time put on the tape at the correct location and without it angled one direction or another.

Q. (By Mr. Leonard S. Lyon): What have you to say as to whether or not the machine of the Silberman patent, '793, is a practical, operative machine?

A. Well, I have seen a number of them operating and so I must say they are a very practical machine. They are very high speed. Zippers just—stringers just seem to pour [103] out of the machines.

Q. Can you give us any figures on how many zippers are made in what length of time on one of these Silberman machines—how many zipper elements are fastened to a stringer?

A. The zipper elements? Well, the machine was running between 2,000 and 2,500 revolutions a min-

(Testimony of William A. Doble.)

ute which would mean that 2,000 to 2,500 zippers were applied to the stringer each minute.

Q. Now, you say you have seen a commercial machine made in accordance with or under the Silberman patent, '793, actually in operation?

A. Yes, I have seen them.

Q. As a matter of fact you had one of those machines brought here and it is here in the courtroom now, is it not?

A. Yes, sir.

Mr. Leonard S. Lyon: I think we will offer the machine in evidence as Plaintiff's Exhibit No. 5 and if the court would care to step down and look at this machine the witness can point out, with reference to the chart, Exhibit 4, where these elements are in the machine. It may help your Honor to see the actual physical structure.

The Court: Exhibit 5 is received in evidence.

(The object referred to, marked Plaintiff's Exhibit 5, was received in evidence.)

The Court: I think I understand the operation of this [104] patent. However, I will look at the machine but I don't think it would do any good to make a record of it, would it?

Mr. Leonard S. Lyon: We have the machine right here in the courtroom. We can't get it any closer to your Honor as it won't go through the gate.

The Court: You can't operate it here, can you?

Mr. Leonard S. Lyon: We can if your Honor wants to see it. It takes 220 volt current and we can run a wire in the courtroom for that purpose.

(Testimony of William A. Doble.)

We can do that by tomorrow morning if your Honor wants to see it work.

The Court: Is there some way to turn the mechanism over?

Mr. Leonard S. Lyon: Can you turn it over by hand, Mr. Doble?

The Witness: Yes, sir.

The Court: All right. Why not let me look at the machine and have someone turn it over and let the record show I inspected the machine under hand operation.

I don't think it is necessary to have a record with the reporter present while you point out to me this, that and the other thing, do you?

Mr. Leonard S. Lyon: I don't think so. I think the witness can just show you the significant parts of the machine without the reporter taking it down.

It would be the same parts as are illustrated on the chart, Exhibit 4. [105]

The Witness: Yes. Could I make this suggestion, your Honor? The machine is not quite ready to run. We can have it ready to run by tomorrow but I can point out the parts and then I can run it tomorrow.

Mr. Leonard S. Lyon: Some of the parts you won't see very well because they are very small.

The Court: How much longer will you be with the witness?

Mr. Leonard S. Lyon: I am going into the question of infringement with him tomorrow morning,

(Testimony of William A. Doble.)

your Honor. I think I have largely covered the patents in suit now.

The Court: How much longer will you be with your case?

Mr. Leonard S. Lyon: I hope to finish it tomorrow.

The Court: You have additional witnesses?

Mr. Leonard S. Lyon: I have at the most two more witnesses, neither one of whom will be anything near as long as Mr. Doble.

The Court: Are they experts?

Mr. Leonard S. Lyon: No. One of them is a man who is in charge of the patent department of the Talon company, who knows the commercial history of this Silberman machine and the licenses that have been granted under it.

I would like him to testify and then we haven't made up our mind yet but there is a possible third witness who is a patent attorney, who drew up the Silberman patent and can identify the machines from which it was built in view of some [106] statements that have been made in the discovery depositions.

The Court: Well then, you are on schedule.

Mr. Leonard S. Lyon: I hope to be and hope to stay there.

The Court: Well, we will take our adjournment at this time.

Mr. Charles Lyon: Could we have an arrangement here? Could it be deemed that Exhibit 5 is

(Testimony of William A. Doble.)

released to the custody of the plaintiff so that we can relieve the clerk of having responsibility for it?

Mr. Leonard S. Lyon: That means that at the end of the trial instead of having the clerk file the exhibit as he is supposed, we can take it and store it and have it available if there is any future need in the case.

The Court: Is that satisfactory?

Mr. Mockabee: Yes.

The Court: It is also satisfactory, is it not, that the clerk will not be responsible for the mechanism while it is here in the courtroom?

The Clerk: May it remain on the floor of the courtroom during the progress of the trial?

Mr. Leonard S. Lyon: That is fine.

The Court: The clerk can't be in here watching over the machine before court and after court and at nighttime. The clerk will be relieved of any responsibility for this [107] exhibit?

Mr. Leonard S. Lyon: That is correct, your Honor.

The Court: I know he feels better.

The Clerk: If I see anyone tampering with it I will tell them to leave it alone.

Mr. Charles Lyon: Nobody is going to steal it.

The Court: All right. You may step down and we will adjourn until 10:00 o'clock tomorrow morning.

I will look at the machine this evening for a minute or two and then I will look at it when you get it in hand operation.

(Whereupon, at 4:30 p.m. a recess was had until 10:00 o'clock a.m., March 2, 1955.) [108]

Tuesday, March 2, 1955; 10:00 a.m.

The Court: Call the case.

The Clerk: Talon, Inc., vs. Union Slide Fastener, Inc., No. 10450-C for further trial.

The Court: You may proceed.

Mr. Leonard S. Lyon: At this time the plaintiff desires to offer in evidence the deposition of Philip Lipson, taken in Los Angeles on March 18, 1952.

Mr. Lipson is the president of the Union Slide company, the defendant in this case.

His deposition was taken under the rule. There are 15 paper exhibits to Mr. Lipson's deposition. I would like to offer those in evidence.

The exhibits numbered 1 to 12 are a series of drawings or blueprints that Mr. Lipson supplied at the taking of his deposition showing features of the accused machine.

Exhibit No. 13-A through 13-L is a series of photographs that were taken on the occasion of an inspection attended by Mr. Doble at the defendant's plant, at which time they looked at the accused machines.

Exhibit 14 is an assembly drawing made by a draftsman who attended that inspection and who examined the machines and listened to the explanation and he made these drawings from that information plus the information revealed by Exhibits [111] 1 to 12 and plus the information revealed by the photographs.

Exhibit No. 15 is a sketch that was made by Mr. Lipson showing the detail, during his examination in the course of his deposition.

Now, we will have to supply proper numbers for these exhibits because—we would like first to have the deposition opened.

The Court: Well, the deposition will be opened and will be received in evidence as Exhibit 6.

Now, as to the exhibits attached, Mr. Clerk, I suppose they will be 6-A, -B and -C.

The Clerk: I see no other way to do it. Is that satisfactory—the number 6 and then give sub-letters.

Mr. Leonard S. Lyon: Instead of numbering them 1 to 13 we will give them A, B, C numbers.

The Court: It might be more confusing in one way but more clear in another. Suppose we call them 6-1 to 6-15 and so on. That would preserve the same numbers.

Mr. Leonard S. Lyon: That will be satisfactory.

The Clerk: It never works out in written form that way, your Honor.

The Court: Is there going to be much testimony about these exhibits?

Mr. Leonard S. Lyon: Yes, your Honor, I think there will be and there probably will be some testimony by the [112] defendant in regard to them.

The Court: If we change the numbers then the witness will have to change his testimony so he will be talking about 6-M or 6-A or whatever the situation is.

The Clerk: Why not merely give the deposition

an exhibit number which would include the exhibits attached thereto—Exhibit 6 is the deposition plus the exhibits attached.

The Court: Then when the witness testified he would be talking about Exhibit No. so and so to the deposition of Lipson. That would be all right.

Mr. Leonard S. Lyon: That is satisfactory.

The Court: All right, Exhibit 6 will be received in evidence together with the exhibits attached thereto, which exhibits will be given the numbers as shown on them in the deposition, running from 1 to 15 and also the 13 series, 13-A to 13-L. [113]

WILLIAM A. DOBLE

the witness on the stand at the time of adjournment, having been previously duly sworn, was examined and testified further as follows:

Direct Examination—(Continued)

Q. (By Mr. Leonard Lyon): Will you take the photographs 13-A through 13-L of the deposition of Mr. Lipson, and the print Exhibit 14 to the deposition of Mr. Lipson, and the third plate of your chart Exhibit 4, and explain to the court the significant construction and mode of operation of the machines that you examined at the plant of the defendant Union Slide Fastener Company, and which are the machines accused in this case of infringing the patents in suit?

The Court: Just a minute. Let's have the clerk find these original exhibits and at least mark them tentatively, so I can have them here before me and follow you on them.

(Testimony of William A. Doble.)

Which ones did you refer to?

Mr. Leonard Lyon: I referred to the photographs Exhibits 13-A through 13-L.

The Clerk: How do you want them marked as individual exhibits, 6 in front of them and then 13-L?

The Court: I think that is all right. You can mark them later. They have marks on them sufficiently for the time being. [114]

Now, what else are you going to refer to?

Mr. Leonard Lyon: Then the blueprint Exhibit 14 to the deposition. It is not a blueprint; it is a print. And then the other document being considered is plate 3 of the chart Exhibit 4.

The Court: All right.

The Witness: May I have that question read, Mr. Lyon? There was considerable to it and I would like to get the full understanding of the question.

Mr. Leonard Lyon: Read it, please.

(The question referred to was read by the reporter, as follows: "Q. Will you take the photographs 13-A through 13-L of the deposition of Mr. Lipson, and the print Exhibit 14 to the deposition of Mr. Lipson, and the third plate of your chart Exhibit 4, and explain to the court the significant construction and mode of operation of the machines that you examined at the plant of the defendant Union Slide Fastener Company, and which are the machines accused in this case of infringing the patents in suit?")

(Testimony of William A. Doble.)

The Witness: Yes, sir.

I don't find that the photographs bear the exhibit numbers individually.

Mr. Charles Lyon: Yes, they do.

The Court: You have only copies. I have the originals [115] here, and they have numbers on them.

Mr. Leonard Lyon: The copies are marked too, your Honor. The witness just didn't see them.

The Witness: I have before me Plaintiff's Exhibit 13-A to the deposition, which is a photograph looking obliquely toward the bottom end of the ram and shows along the upper face the means for clamping the nested dies in the block, in the die block, and also illustrates the manner in which those particular dies extend downwardly from the lower face of the ram.

Now, the ram, as we have noted in Plaintiff's Exhibit—— is the Silberman patent No. 3? Yes, 3.——is of substantially the same shape and form, and is substantially constructed in the same manner. That is, the dies are put on in substantially the same manner, and are nested in the die block.

The ram in the Silberman patent bears the numeral 272. Shall I put those in ink on the photographs?

Q. (By Mr. Leonard Lyon): That is your copy. If they are not put on the court's copy, it won't make any difference.

A. Then I won't put the numbers on.

Mr. Leonard Lyon: If the court is interested, we

(Testimony of William A. Doble.)

can furnish another copy of these photographs on which the court can make any notations he wants, if he would prefer to do that on an extra copy, rather than the exhibit. [116]

The Court: Is there any objection—

Mr. Leonard Lyon: I have no objection to your making the notations on the exhibit.

The Court: Is there any objection?

Mr. Mockabee: No.

The Court: All right. The ram is what—272?

The Witness: 272, your Honor. And the ram 272 is depicted diagrammatically on plate 3 of Plaintiff's Exhibit 4 as the heavy red line with the downwardly extending lines pointing to the several parts which are carried by the ram.

Shall I designate, also, Mr. Lyon, the red line which represents the ram, on—

Q. (By Mr. Leonard Lyon): This is your copy of the exhibit, but you can suggest to the court if he wants to do it on the exhibit. It doesn't make any difference what you mark on your copy.

A. I am talking of plate 3 of Exhibit 4, the heavy red line, which is diagonally represented upwardly as 272.

The Court: All right.

The Witness: The ram carries the head forming die 324. In fact, it carries two of the head forming dies 324, one adjacent each end of the ram.

The Court: Do you mean there is a dual set-up?

The Witness: It is a dual set-up, your Honor. Similar to the machine which we have in court.

(Testimony of William A. Doble.)

The Court: Well, each one of the two units of the dual set-up is identical?

The Witness: That is correct, your Honor.

The Court: Let's not encumber the record with any reference to this dual situation, then.

The Witness: Thank you, your Honor.

The Court: Is that satisfactory?

Mr. Mockabee: Yes, sir.

The Court: That doesn't add a thing. You can have a battery of six, I suppose.

The Witness: That is correct.

The Court: Or three or four.

The Witness: That is correct.

The Court: All right.

The Witness: I will confine myself to one unit.

Directly above the head forming die 324 is the cut-off punch 322, and it is the orange colored block.

The Court: You said directly above; it is directly adjacent rather than above?

The Witness: If you look at the photograph to which I was referring——

The Court: Which photograph?

The Witness: Photograph Exhibit 13-A to the deposition of Lipson, the cut-off punch is directly above the head forming die 324. [118]

The Court: All right.

The Witness: And by suitable means this clamp in a groove forms the ram.

Now, in Figure—in plate 3 of Plaintiff's Exhibit 4 there is indicated the vertical lines with the little

(Testimony of William A. Doble.)

arrows pointing to the upper dies carried by the ram of which the head forming die 324 to the right and that is nested to the——

The Court: To the left?

The Witness: To the left, your Honor, that is right. And the cut-off punch is to the right of the head forming die 324 and is designated by the numeral 322.

That is the two orange square blocks which are carried by the ram during its downward stroke.

Also on photograph, Plaintiff's Exhibit 13-A to the deposition of Lipson, on the upper face of the ram there are adjustably secured the cam plates 498. There are two of those, one on each side of the nested dies.

The Court: They are the objects on the far right and far left, I take it, of the top photograph.

The Witness: No, I would say——

The Court: Right here and here?

The Witness: No. Well, that is for the other forming head, your Honor. The two that operate to close the one stringer that we are relating the dies to is to the extreme right of the block and the opposite one is to the left of the [119] particular set of dies we have pointed out.

The Court: I see the ones you mean.

The Witness: The two cam plates 498, are found in plate 3 of Plaintiff's Exhibit 4 and they are colored purple so as to clearly visualize the particular element and its general outline. They are adjustably carried on the face of the ram block.

(Testimony of William A. Doble.)

I might also point out the "V"-shaped guiding surfaces by which the ram block is supported during its reciprocation in forming the zipper unit.

Also the two out-extending arms which are referred to as part of the cross-head to which the connecting rods, which operate the block, are attached by suitable pins. The pins are not shown.

I would next refer to Plaintiff's Exhibit 13-B of the Lipson deposition which is a rear face view of the machine and upon the upper portion of the guide structure which supports in sliding relation the ram.

The ram has been removed and mounted on that upper surface so that the rear surface of the ram with its cross-head extending to each side is clearly visible.

The Court: In other words, it has been moved out of its proper position so we can see the bottom of it.

The Witness: That is correct, your Honor, the back face of it. [120]

In this view the pins to which the cross-head is attached is clearly shown to the left-hand side of the figure, that is correct, your Honor, which pin connects to the upper end of an eccentric rod which is referred to in the Lipson patent by the numeral 320.

The Court: That is the rod running down from here?

The Witness: Yes, your Honor.

(Testimony of William A. Doble.)

The Court: 320?

The Witness: Yes. And the pin is designated by the numeral 290.

It will be understood, your Honor, that there is a similar arrangement on each side of the machine.

The Court: All right.

The Witness: Now, immediately in the center of the photograph there is illustrated the metal strip or metal wire feeding rolls which are corrugated to grip the strip so as to feed it into the machine. Those feeding rolls——

The Court: What do you mean by rip?

The Witness: To grip the strip to feed it into the machine, the feeding rolls as we have already marked on Plaintiff's Exhibit 4, plate 2.

They are identified by the numbers 94—that is the lower of the feed rolls is No. 94 while the upper feed roll is No. 96.

To the side of those two feed rolls are the driving [121] gears for driving the feed rolls intermittently at the proper time.

Also on the back portion of the machine is illustrated the means for intermittently driving the rolls.

Now, referring back to Plaintiff's Exhibit 4, plate 3, we find the two blue feed rolls, the lower of which is 94 and the upper of which is 96 and between these two feed rolls tape is fed into the defendant's machine.

To the upper right-hand side of photograph 13-B of the Lipson deposition may be observed the

(Testimony of William A. Doble.)

ratchet and pawl for feeding the tape intermittently through the machine.

The Court: You are referring to this here?

The Witness: That is correct, your Honor.

The Court: What is the number on that?

The Witness: I don't have the numbers of the several parts. I will point out later on the wheels about which the tape itself is engaged to be fed. This is just the mechanism which drives the wheels or the wheel 168 to intermittently feed the tape through the machine.

Now, next turn to Plaintiff's Exhibit 13-C of the Lipson deposition which is a view from the top looking down into the area of the machine which is normally located by the reciprocating ram, but in this figure the ram has been removed and the "V"-shaped guide, which supports the ram, are clearly observable. [122]

Also it may be observed the die block which is supported in the base and in this case I would refer to the right-hand die block. There we can just discern the little punch member which punches the depression in the metallic strip.

The Court: Here?

The Witness: Yes, your Honor.

The Court: The metallic strip to form the head.

The Court: There seems to be a difference in the two units here, the right and left units because on the left unit you can see two of them, it looks like, and on the right you can only see one.

The Witness: I think in the left-hand side a

(Testimony of William A. Doble.)

portion of the tape is positioned in the die block so you see a head which has previously been formed on the tape, on the metallic tape.

The Court: I see.

The Witness: And strip, and the punch part which I have just referred to bears the numeral 366 which projects above the die block or punch block 456.

Now, in referring to defendant's structure as illustrated on plate 3, Exhibit 4, the die block is the lower orange member which is positioned to the left of the other group of die parts and is also, of course, identified in the patent by the number 456.

The Court: That is the orange block except for the protruding die, is that it?

The Witness: Yes; and the punch I was just going to refer to, your Honor, that is the lower punch which punches the depression in the lower side of the metallic strip.

The Court: The punch is the little rectangular object on top.

The Witness: The punch is designated by the numeral 366. [124]

The Court: And the block by what?

The Witness: 456.

The other portions of the die block are not very clearly distinguishable in this particular photograph, but I hope to be able to point them out later in one of the other drawings.

In the very upper portion of the photograph, Plaintiff's Exhibit 13-C to the Lipson deposition,

(Testimony of William A. Doble.)

will be observed a shaft which extends from right to left, and upon that shaft there is mounted a serrated or roughened feed wheel, which the patent identifies by the number 168, about which the fabric tape is passed to intermittently feed it through the machine.

The Court: You said 168?

The Witness: 168, your Honor.

The Court: Wasn't it 186?

The Witness: No. 168, your Honor.

The Court: Are you talking about the equivalent of the wheel up here?

The Witness: Yes, your Honor, and that is 168.

The Court: Then I made a mistake yesterday. I marked it 186.

The Witness: Maybe I said the numbers backwards, but I have identified it as 168.

The Court: All right. We are talking about the same thing then. [125]

The Witness: Now, referring to Plaintiff's Exhibit 4, plate 3, we find the brown tape feed wheel 168 about which the green tape is intermittently fed through the machine.

Q. (By Mr. Leonard Lyon): Mr. Doble, I wish you would stop a moment about this number 168 and 186. There must be a mistake, because it was marked yesterday 186. I wish you would look at the patent and see what the number is.

A. The patent shows the number 168, and I will refer you to Fig. 8, page 3, of the drawings. Especially the Fig. 8 in the upper right-hand corner

(Testimony of William A. Doble.)

of the figure there is the numeral 168 with a lead line to the feed wheel. And I refer to column 8 of the specification of the Lipson patent, line 60, which reads, "a tape feed wheel 168," et cetera.

Is that understood now as being clear to all concerned?

Q. Which patent are you referring to, Mr. Doble?

A. I was referring to the Silberman patent, Plaintiff's Exhibit 3.

Q. You have mentioned twice in your testimony this morning the Lipson patent; that is a mistake in each case and it should be the Silberman patent?

A. If I have so mentioned it, I would like to correct it. It is the Silberman patent I have intended to refer to.

The Court: And the Lipson deposition?

The Witness: And the Lipson deposition, that is correct, your Honor. [126]

I will next turn to Plaintiff's Exhibit 13-D of the Lipson deposition, which is a view taken similar to the photograph Plaintiff's Exhibit 13-B, but in this instance or in this photograph the ram is mounted in its supporting housing and is in its normal operating position, and above the ram the tape feed wheels 168—or, tape feed wheel 168 is clearly seen with the tape 172 passing about the upper periphery of the tape feed wheel 168. And from the wheel it will be observed that the tape

(Testimony of William A. Doble.)

extends downwardly towards the center of the machine.

I might point out in this photograph, I hope I don't confuse anyone, that the two tape wheels—that there are two tape wheels shown, one for each of the forming units. The tape which passes about the left hand of the two tape feeding wheels illustrates the manner in which the tape passes around the wheel with the zipper elements securely clamped thereon; whereas the tape for the right-hand of the two tape feed wheels does not have the zipper elements about that portion of the tape which is extending over the upper periphery of the wheel.

However, if you look at the far end of the tape, which you can just see a very short portion of from the forward edge of the wheel down to the top of the ram, you can see a string of elements attached to the tape.

The purpose of taking the photograph in this manner was [127] to show the manner in which, when the elements were fastened to the tape, they pass over the periphery of the feed wheel.

Other than what I have pointed out I do not believe this photograph teaches anything substantially different from the photograph, Plaintiff Exhibit 13-B of the Lipson deposition.

I am now turning to photograph 13-E of the Lipson deposition, which is a three-quarter rear view of the machine and shows the ram disconnected from the connecting rods and moved up-

(Testimony of William A. Doble.)

wardly from its guide block to show the manner in which the ram is guided in the guide block, which is supported by the base of the machine.

Are there any questions your Honor has about Plaintiff's Exhibit 13-E? If not, I will pass to the next photograph.

The Court: No.

The Witness: I now have Plaintiff's photograph 13-F, which is a three-quarter rear view of the machine taken from the opposite angle to more clearly illustrate the mechanism for intermittently advancing the tape feed wheel, and also the mechanism for intermittently advancing the metallic strip into the machine. The ram is in its normal operating position.

Other than for those comments, I would pass now to Plaintiff's Exhibit 13-G of the Lipson deposition, which is an end view of the machine, that is, the end of the machine which has the tape feed and metallic strip feed mechanism extending down [128] to the main shaft of the machine, where they are operated by suitable eccentrics or cams mounted on the main shaft of the machine, and illustrates the connecting rods or crank arms which actuate the ratchet wheels formed—one is formed to the left side of the machine about midway up, and that is the metallic strip feed ratchet and pawl, whereas the tape feed ratchet and pawl mechanism is shown in the upper right-hand portion of the figure. In this photograph I would like to call attention to the brake shoe 208. The brake shoe is the member which bears against the right-hand

(Testimony of William A. Doble.)

periphery of the tape feed wheel 168.

The Court: This would be the brake shoe here (indicating)?

The Witness: The brake shoe is this member down here.

The Court: Doesn't it run clear up there?

The Witness: I can't see in this photograph whether it runs——

The Court: We will mark the bottom part of it. What is the number of it?

The Witness: 208.

And the feed wheel is 168.

However, it does show the relationship of the brake shoe, which is spring pressed by suitable spring means against the periphery of the tape feed wheel to clamp the tape to the wheel so it will feed with each rotation of the machine. [129] Otherwise the machine is in its normal operating condition.

I will next turn to Plaintiff's Exhibit 13-H of the Lipson deposition, which is a photograph of the front end—of the front face of the Lipson machine. In this figure the tape which normally would extend upwardly over the feed wheel 168 has been removed from the wheel and passes down over the die block. That was done so the forward end of the ram could be more clearly observed together with the punches and the actuating cams for the closing jaws could be seen.

The ram is designated by the numeral 272 and carries the long punch which cuts the finished element from the metallic strip, and that cutting

(Testimony of William A. Doble.)

punch is designated by the numeral 322. It is mounted upon the block by two clamp plates as is clearly shown.

To each side of the punch 232—— [130]

The Court: This is 322?

The Witness: That is 322, your Honor, and the ram is the light colored member to which that is attached by the two clamp plates or fastening plates.

To the right hand of the cutting die 322 may be seen the cam plate 498 which has the tapered roller edge.

The Court: You can see all four cam plates?

The Witness: Yes.

The Court: Two for each unit of the machine?

The Witness: Yes, two for each unit of the machine and all are carried by the front face of the ram.

The little blocks—rectangular blocks which are of rather light color below the tapered ends of the cam plate 498, is the guide housing which supports the jaws or clamp blade 524—the very forward end of the clamp blade 524 can be seen as it projects from the guide housing in which it is slidably mounted.

The Court: This one here?

The Witness: Yes, your Honor.

The Court: I will mark it.

The Witness: 524, your Honor. And it is the closing cam that closes the zipper element on the tape.

(Testimony of William A. Doble.)

There is one on each side of the central portion of the zipper forming, cutting and fastening unit as is shown in Plaintiff's Exhibit 4, plate 3. The cam blocks 498 which are [131] mountably on the face of the ram and have the cam faces 504 engage the yellow clamp blades 524 or as referred to in the claim as the yellow jaws, so as to move the yellow jaws inwardly or toward each other to clamp the legs 466 of the zipper element onto the green bead of the tape.

As I have pointed out the tape is numbered 172 and the bead is numbered 174 and the legs are numbered 466. That is the dark pink or red of the zipper which is about to be fastened onto the green bead 174.

Now, directly below the mechanism which we have just been speaking about and referring back to Plaintiff's Exhibit 13-H of the Lipson deposition, there are two sliding members which appear as light colored rectangular blocks which are mounted below that—your Honor, that is it right here—which are mounted in a groove which extends across the base of the machine. One of these blocks, the left-hand one of the right-hand unit is securely fastened to the base of the machine while the opposite block is yieldably mounted to press the tape between the two adjacent surfaces of those blocks so as to give a certain amount of friction to the tape during its passage up through the machine.

They also act to guide the tape in a fixed position

(Testimony of William A. Doble.)

adjacent to the forward end of the metallic strip.

The Court: Is that before the legs of the zipper unit are attached to the tape or afterwards? It is before, is it [132] not?

The Witness: Before, so as to stretch the tape and hold it in that fixed position under certain tension during the operation of the machine.

The Court: Are those objects which are shown on the accused device also shown in the patent?

The Witness: Yes, your Honor.

The Court: '793?

The Witness: Yes, your Honor. I will point them out to you—'793.

I called attention to them yesterday but I will point them out. I refer first to Figure 7 appearing on sheet 3 of the drawings of the Silberman patent '793 and the right-hand blocks which are referred to are designated by the numeral 376.

The Court: Wait a minute.

The Witness: Pardon me, your Honor.

The Court: You said the right-hand block. You mean the left-hand block?

The Witness: Yes, left-hand block.

The Court: Left-hand block of the right unit?

The Witness: That is correct, your Honor.

The Court: 376.

The Witness: Yes, 376. And the left-hand mechanism which includes the block and spring and adjusting screw and another block or member is shown on the right-hand side of the [133] tape or to the right of the fixed block 376.

(Testimony of William A. Doble.)

The Court: Shown to the right of—what number is given to that?

The Witness: It is 372. No. 372 is defined in the patent as a tension device.

The Court: Yes.

The Witness: And the arrow indicates the entire structure.

The Court: I see that.

The Witness: The right-hand portion of the unit includes a number of items which I don't think we need to go into particularly at this time.

Now, I would also refer to Figures 55 and 54 appearing on sheet 8 of the drawings and there the movable block, friction block is designated by the numeral 388.

You will note that it is provided with a finger 401 which extends outwardly from the left-hand side of Figure 55. That finger 401 is the little pin or fixture which extends outwardly from the right-hand resilient or adjustable spring weighted block in the tape tension mechanism as shown in Plaintiff's Exhibit 13-H of the Lipson deposition.

The Court: Right here?

The Witness: That is correct, your Honor.

The Court: As I have stated, the figure 401 also appears in Plaintiff's Exhibit 13-H of the Lipson deposition as extending outwardly through the supporting housing for the [134] friction block 388.

The surface of the block itself can be seen

(Testimony of William A. Doble.)

through the elongated slot through which the pin 401 extends.

The Court: We don't need anything more on that, do we?

The Witness: I don't think so, your Honor. In other words we find in Plaintiff's structure as shown in Plaintiff's Exhibit 3, the Silberman patent '793, the tape guide and friction means and we find the same structure substantially in identically the same form in the Lipson machine as depicted in Plaintiff's Exhibit 13-H of the Lipson deposition.

Now, turning next to Plaintiff's Exhibit 13-I of the Lipson deposition, it is another view of the ram and I do not feel at this time it needs any further explanation. It clearly illustrates the ram and the punches carried thereby.

Photograph 13-J of the Lipson deposition illustrates a closer up view of the front face of the ram, the tape extending upwardly adjacent to the front face of the ram passing through the friction means below the ram up through a slot in the die block carried by the base of the machine in position to receive the elements as they are formed and clamped upon the tape and then up over the tape feed roll and it indicates the tension applied to the tape and the tape between the friction element and the tape feed wheel is taut and pulled straight, whereas you will notice the tape on the downwardly extending section after it has passed over [135]

(Testimony of William A. Doble.)

the wheel is loose and is wavy in form showing it is not tensioned.

Other than the point which I have just indicated I believe that we may pass to the next photograph which is Plaintiff's Exhibit 13-K of the Lipson deposition and is a three-quarters end view of the fly wheel end of the machine and here we can see the main drive shaft which is designated in the patent by the numeral 30.

The Court: You can see just the end of it.

The Witness: You see just the end of the shaft, your Honor.

The Court: And what is the number on the patent?

The Witness: 30, your Honor.

The Court: All right.

The Witness: I would also like to call attention to the similarity in the shape of the housing, the ram, the guide for the ram, the tape feed, the wire feed, the punches—in other words the entire structure bears a very close similarity, if not an identity, to the structure of the Silberman patent, Plaintiff's Exhibit 3 in suit.

I will next refer to Plaintiff's Exhibit 13-L of the Lipson deposition and in this photograph I will refer to the left-hand unit because for that particular unit the supporting or guide housing for the closing jaw or clamp blade 524 has been removed so as to clearly show the clamp blade itself. [136]

The clamp blade is the right-hand portion—

The Court: This part here?

(Testimony of William A. Doble.)

The Witness: That is right, your Honor, extending all the way—the whole blade—that is the blade unit extending to the right from the tape which extends through the position on which the elements are fastened.

The Court: That is 524? [137]

A. That is 524, your Honor.

It may be also observed at the post which extends upwardly from the rear end of the unit, to which there is a spring mounted. The spring retracts the blade after the element closing operation.

Now, we find——

The Court: Is this the other jaw of that same unit?

The Witness: Yes, your Honor.

The Court: The two jaws don't look like they are going to come together. They look like they are spaced one in further to the machine. It looks like jaw 524 is to butt against some other device here.

The Witness: I believe the reason for that is in moving the housing the unit probably was not put back in its exact location, because normally the adjacent ends of the two closing jaws are directly opposite one another.

In the Lipson structure, as well as in the plaintiff's structure, as illustrated in this Silberman patent '793.

The Court: They are directly opposite?

The Witness: They are directly opposite.

(Testimony of William A. Doble.)

I would like to point out in the Silberman patent '793 the spring which retracts—

The Court: On the picture 13-L to the Lipson deposition we are talking about this pin here (indicating)?

The Witness: I was talking about that pin there. But [138] both pins are the same. One shows more clearly.

The Court: All right.

The Witness: In referring to the Silberman patent '793 and to Figs. 39 and 40, which show the closing or clamping blade, that is which clamps the units, Fig. 40 illustrates a pin 532 extending outwardly from the side of the clamp plate.

Have you found that, your Honor?

The Court: Yes, I have found it.

The Witness: Fig. 40, the little pin 532. That pin extends through the slot which can be clearly observed in Figs. 37 and 38 in the guide housing or guide block 510, which supports in sliding manner the clamping blade on the base of the machine.

The Court: The only difference is that here, in the accused device, the pin is in a vertical plane, while in the Silberman patent '793 the pin operates on a horizontal plane?

The Witness: That is correct, your Honor.

In Fig. 21 the spring 536 may be clearly observed, which acts against the pin 532 of the clamp member to retract the clamp member after the clamping operation has been performed.

So in each case we find the spring 536 operating

(Testimony of William A. Doble.)

for the same purpose, namely, to retract the clamping blade or jaw after the closing operation.

Q. (By Mr. Leonard Lyon): Were you present at the taking [139] of these photographs, Exhibits 13-A through 13-L to the Lipson deposition, and were they taken under your direction?

A. Yes, sir.

Q. And do they correctly illustrate the Lipson accused machine? A. Yes.

Q. Now, will you turn to Exhibit 14 to the Lipson deposition and state by whom it was made and what you had to do with it, and whether or not you have checked it and found it to be a correct representation of the accused machine?

A. Yes, sir. This is a print from a drawing made by Mr. Jim Oswald, and Mr. Oswald was present at the time we took the photographs of the Lipson machine. We observed the operation of the machine, he observed it, and I pointed out to him the different features of the machine, and then Mr. Lipson supplied Mr. Oswald and myself with a number of blueprints illustrating the mechanical detail of the different elements from which his machine was built.

Q. Those are Exhibits 1 through 12 to the Lipson deposition, are they not?

A. Yes, sir. I did not feel that either the photographs or the drawings which Mr. Lipson had given to us clearly illustrated some of the elements of the machine, and I thought we possibly could make a more clear illustration by preparing a drawing

(Testimony of William A. Doble.)

from Mr. Lipson's drawing, and from the [140] dimensions Mr. Oswald took from the machine and from the photographs.

Q. Mr. Oswald was a professional draftsman, was he?

A. Yes, and he still is. He has done considerable work for me. So with that material, and I believe Mr. Lipson also helped Mr. Oswald to some extent in explaining the construction of the machine, Mr. Oswald prepared the drawing which is Exhibit 14 to the Lipson deposition.

Q. You have already testified that the accused machine is either identical or substantially identical with the machine shown in the drawings of the Silberman patent. Is that illustrated and made clear by this drawing of Mr. Oswald, Exhibit 14 to the Lipson deposition?

A. Yes, sir, it is.

Q. I wish you would take the drawing Exhibit 14 to the Lipson deposition and compare it, as quickly as you can, at least the significant elements, with the drawings of the Silberman patent in suit.

A. Yes, sir. I have before me Plaintiff's Exhibit 14 to the Lipson deposition——

The Court: Is this going to be necessary? This is opinion testimony, and the drawings speak for themselves.

Mr. Leonard Lyon: I don't even know if it is contested, your Honor.

The Court: I asked yesterday whether they

(Testimony of William A. Doble.)

would stipulate [141] to infringement, and they said no.

There is a difference in the shape of the punch, the cut-off punch in the accused device, but there doesn't seem to be much difference in operation. Is it still your contention that if the Silberman patent is good, that there is no infringement here, Mr. Mockabee?

Mr. Mockabee: The shape of the cut-off device?

The Court: Generally, the accused machine against the machine shown by the Silberman patent '793, do you contend——

Mr. Mockabee: As far as the two devices have been compared, we do not admit infringement, no, in all the detail that has been brought out.

There is a considerable similarity between the accused device and that defined in the claims of the Silberman patent. There is also considerable similarity between elements of Exhibit 5 and elements which were conceived and first made by defendant. There is going to be some controversy there.

The Court: That is another point. I have that point in mind. In other words——

Mr. Mockabee: Our principal defense with regard to the Silberman patent is invalidity.

The Court: The plaintiff is putting on their case. This evidence that you now propose to offer, in which the witness would compare Exhibit 14 of the Lipson deposition with the Silberman patent '793, and with the accused device, [142] would only be

(Testimony of William A. Doble.)

cumulative to what you have already put on?

Mr. Leonard Lyon: Yes.

The Court: Let's not go into it. Let's wait until we see what the defense puts on, and at that time if we need to go into more detail, we can do it. Is that satisfactory?

Mr. Leonard Lyon: Yes, sir, that is satisfactory.

The Court: All right. We will take a short recess.

Are we going to see this machine operate manually this morning?

Mr. Charles Lyon: Yes.

The Court: Let's do that after the recess, but before our noon recess, and get that phase over with; then we can forget about the machine and return to my own court room.

(Recess taken.) [143]

The Court: Are you ready to run the machine?

Mr. Leonard S. Lyon: Before we can run the machine we have to find a plug that will fit this socket.

I can go ahead with Mr. Doble.

The Court: All right.

Q. (By Mr. Leonard S. Lyon): Mr. Doble, referring to plate 4—excuse me, plate 3 of Exhibit 4, have you illustrated there where you find all of the elements of claim 40 of the Silberman patent?

A. Yes, I have.

Q. In the defendant's accused machine?

A. Yes, sir.

Mr. Leonard S. Lyon: If your Honor please,

(Testimony of William A. Doble.)

there is one group of claims—I am trying to group the claims, your Honor, so it won't be necessary to go through all the other claims.

Referring now to the claims of the Silberman patent, which are in suit, they fall into two groups, the group which is represented by claims 13, 32 to 36, 39 and 40.

I feel we have covered those sufficiently by the showing as to claim 40. I think it would be unnecessary to take testimony as to the other individual claims in that group because it can be shown from the testimony that has been taken on claim 40 and the chart and we can leave that as to a matter of argument. [144]

Now, that leaves claims 1 to 4, 37 and 38 and those claims have some different elements in them from the first group and I would like Mr. Doble to state first whether or not he finds all of the elements of claim 37 in the defendant's accused device. A. Yes, sir, I do.

Q. Will you point out with reference to the defendant's accused device wherein you find the elements of claim 37 in the defendant's accused device?

A. Referring to claim 37 of the Silberman patent, '793, it reads:

“Slide fastener stringer manufacturing apparatus, including means,”
the first element is

“means for feeding a tape in a fixed path past a predetermined position.”

(Testimony of William A. Doble.)

The Court: We have covered that, have we not?

The Witness: I think we have covered that sufficiently, your Honor.

The second element is:

“Means for feeding a metallic member toward that position,”

and I believe we have covered that sufficiently.

The third element reads:

“And means immediately at that position for [145] performing all operations upon the fed member to form slide fastener elements from the fed member and to attach the elements to the fed tape directly from the fed member.”

Q. (By Mr. Leonard S. Lyon): Now, will you comment on the limitation in that claim which is found in the words “immediately at that position” and state how that applies to the defendant’s accused structure, if it does.

A. The definition or specification defined by “immediately at that position” refers to the manufacturing assembly of the units upon the tape. They all take place at that position in the machine.

Q. At what position?

A. At the position that the tape and the metallic strip are brought together, the elements formed and assembled onto the tape.

Q. Read in the light of the drawing and specifications of the Silberman patent what range is contemplated in the word “immediate?”

A. Well, that would mean in that immediate vicinity. If you have three or four heads or pro-

(Testimony of William A. Doble.)

jections formed on the tape I would consider that immediately at that position [146] as distinguished from manufacturing part of the tape in a separate machine entirely distinct from the applying machine.

Q. Do you find that the operation referred to as—do you find that the operation referred to takes place immediately at that position in the defendant's accused machine? A. Yes, sir, I do.

The Court: Do you think the operation of the accused machine and the Silberman patent are identical in that respect?

The Witness: They are identical in that respect, your Honor. There is a slight difference in the Lipson machine. He performs or forms a few more of the heads in the tape prior to the finished element arriving at the position where it is fastened on to the edge of the tape, but whether you put six on or two on or three on in the final outcome I don't believe it makes a particle of difference. So, in that sense I would say they are identical. They are not manufactured by a distant machine or at some great distance from the location in the machine at which those elements are fastened onto the tape.

Q. (By Mr. Leonard S. Lyon): Will you continue with your reading of claim 37 and pointing out wherein you find the response to the elements in the claim in the accused machine?

A. Yes, sir. Continuing:

(Testimony of William A. Doble.)

“The forming means including a base.” [147]
I believe we have covered that and pointed it out clearly with relation to claim 40.

“A ram.”

Likewise the ram has been clearing pointed out in both the plaintiff's and defendant's structures as depicted in Plaintiff's Exhibit 4.

“Means for reciprocating the ram.”

Now, that means or includes the main drive shaft 30 which was most clearly observed in Figure 9 on sheet 4 of the drawing.

The Court: Haven't we covered all this?

The Witness: We have covered it, your Honor, but Mr. Lyon asked me to point out——

Mr. Leonard S. Lyon: The only feature of claim 30 that you did not cover on your chart, where you illustrated the response to claim 40, is that matter of means “immediately at that position” for operating that. We have discussed that, is that not correct?

The Witness: Yes, sir.

Mr. Leonard S. Lyon: And I think it would be unnecessary for me to take the witness through claims 1 to 4 and 38 because they all contain that same limitation, your Honor.

Your discussion of that limitation in claim 37 applies to the other claims, does it not?

The Witness: Yes, sir, in the same way. [148]

The Court: In your opinion the only difference between the second group of claims is this language

(Testimony of William A. Doble.)

about "and means immediately at the position" and so forth?

The Witness: Yes; and a little more specific detail as to the main shaft eccentrics, the connecting rods and their connection to the ram.

Q. (By Mr. Leonard S. Lyon): I think there are some elements in claim 38 which have not been discussed, commencing about line 37 in column 25 of the Silberman patent.

What I am referring to reads:

"Eccentrics of small eccentricity on the shaft rods extending from the eccentric to the ram."

Do you find response to those elements in the defendant's accused machine? A. Yes, sir.

Q. Will you point them out on the photographs, Exhibits 13-A to 13-L to the Lipson deposition, if you can, or you may use Exhibit 14?

A. For the purpose that you have defined, Mr. Lyon, I would prefer to use Exhibit 14 to the Lipson deposition, and to call attention to the main figure in that exhibit, which shows the main shaft 30 extending through the housing of the machine. That main shaft has two eccentrics of small eccentricity, and mounted on those eccentrics are the connecting rods or eccentric rods, which extend upwardly vertically to join the cross head pivot pins, the pivot pins that I have previously pointed out.

Q. Will you turn to the claims of the Poux patent in suit '017? Do you find in the operation of the defendant's accused machine the employment

(Testimony of William A. Doble.)

of the method defined in claim 17 of the Poux patent?
A. Yes, I do.

Q. In the same sense in which you find that method employed in the operation of the machine of the Silberman patent?
A. Yes, sir.

Q. Do you also find similarly employed the methods defined in claims 1 to 4 and 16 of the Poux patent?
A. Yes, sir.

Q. I believe the only element that requires [150] special attention in claims 1 to 4 and 16, as compared with claim 17, is a reference in each of those other claims to removing intervening material. Where do you find a compliance with that element of the method in the operation of the machines—of the accused machines?

A. I find that step in the method accomplished by the cutting off punch which cuts off the leading element as it is assembled onto the tape. And in making that cut which appears as the dotted lines between the dark pink and the light pink portion of the strip that cut-out portion which is thus formed is the material, or you might say is the removal of the intervening material between the two legs of the jaw, which later those legs are closed upon the tape.

Q. You do not find that element present in claim 17 of the Poux patent, do you?

A. No, I do not.

Q. If that element in claims 1 to 4 and claim 16 is interpreted to refer to the formation of the key slot by the removal of waste material, you do not

(Testimony of William A. Doble.)

find response to that in the accused machine, do you? A. No, I do not.

The Court: Where in 16 do you find this language, claim 16 of Poux?

Mr. Leonard Lyon: I believe I do not, your Honor. I should not have included claim 16. It is claims 1 to 4. [151]

I think, your Honor, that completes my examination of this witness, and I think we might now demonstrate the machine.

Are you ready, Mr. Meech?

Mr. Meech: Yes.

(Whereupon the court looked at the demonstration referred to.)

Mr. Leonard Lyon: That completes my examination of Mr. Doble. I tender him to defendant's counsel for cross examination.

Cross Examination

Q. (By Mr. Mockabee): Mr. Doble, in your testimony yesterday you stated that you dabbled around somewhat with machine tools in your father's shop, took an engineering course; did you actually practice as an engineer to any extent, other than your work which you described as that of a patent expert? A. Yes. [152]

Q. Will you briefly outline it, please?

A. I acted as an engineer in the designing of steam power plants, hydrocarbon fuel burning systems; designing of automobiles.

(Testimony of William A. Doble.)

I have assisted in the design of machinery.

Q. What type of machinery?

A. Machines for tying wire bands about boxes, for tying wire strips about boxes.

Machines for preparing pears for canning, machines for pitting peaches.

Q. Would you say that during your career most of the time spent was as a mechanical engineer per se or as a patent expert?

A. Well, I have spent a good deal of time at each. I never stopped to figure out which I spent the most time on. I would take a rough guess of about 50-50.

Q. Have you ever had anything to do with the design of a slide fastener or zipper machine?

A. No, sir, I have not.

Q. With its maintenance? A. No, sir.

Q. Any other mechanical work in connection with it?

A. No, sir—that is any mechanical work relating to the design, building or maintenance of those machines I have not had any personal experience. [153]

Q. Have you had any experience as a machine tool designer?

A. Yes. I have quite a complete shop of my own and I design many special tools for it.

I have also designed in connection with my other work, a number of years ago, tools, fixtures, special equipment for manufacturing various parts.

Q. In other words you have not particularly in-

(Testimony of William A. Doble.)

dulged in any special line of mechanical engineering relating to particular type of machines?

A. Well, at various times I was specializing on various things—whatever happened to come along or would be necessary.

Q. By specializing you mean as a general rule working along certain lines with certain types of machines? A. Well, mechanical engineers—

Q. As distinguished from a single job on one particular machine and then jumping to another job in another field and on to another machine?

A. Well, mechanical engineers are capable of handling any mechanical features that come along for machines that come along for him to handle.

Q. In other words it was general mechanical engineering?

A. Other times generally and other times specifically. On my automotive development it was specific over quite a [154] span of years.

Q. Have you done any work of any kind with regard to progressive dies?

A. I haven't done any work in regard to progressive dies. I have observed during my Army experience there was quite a problem in making cartridge cases. It was finally solved by a series of progressive dies.

The Court: What kind of dies are you talking about?

The Witness: Progressive.

The Court: Progressive?

The Witness: Yes.

(Testimony of William A. Doble.)

The Court: P-r-o-g-r-e-s-s-i-v-e?

The Witness: Yes, where the element is stepped from one die to another through a series of dies to eventually arrive at the desired form.

The Court: That is——

The Witness: A punch press with a plurality of dies.

The Court: Like an old automatic screw machine?

The Witness: Yes—that is a screw machine instead of a punch press operation.

Mr. Mockabee: Progressive dies such as involved in this case where we form first the recess and the projection and then subsequently form one or more other portions of the article.

The Witness: Yes; those are rather common in mechanical fields. We use them for making cartridge cases, for making [155] the link belts for the automatic rifle ammunition and for many ordnance parts during the Second World War, which I was associated with.

Q. (By Mr. Mockabee): Isn't it true that in any punch press using a progressive die you need a base on which to mount the bottom part of the die?

A. Yes, that is correct.

Q. Do you not also require a ram upon which you mount the punch holder?

A. Usually that is the case.

Q. Do you usually find means for progressing the metal upon which the work is to be performed?

A. Yes, sir.

(Testimony of William A. Doble.)

Q. Do you ordinarily find means for raising and lowering the punches to engage the metal which is being worked upon? A. Yes, sir.

Q. Between the dies and also means for synchronizing or co-ordinating the vertical movement of the punches and the feeding movement of the metal being worked upon?

A. May I have that question read?

(Question read.)

The Witness: Yes, the feed of the metal is usually co-ordinated with the operation of the punch head or die carried by the ram. [156]

Q. Isn't it true that in many of these machines the means employed for raising and lowering the punches is an eccentric drive?

A. Yes, in the smaller machines. In the larger machines it is usually hydraulic.

Q. What would you say about machines of short stroke and fairly high speed?

A. Those are usually eccentric driven.

Q. Are you acquainted with that type of slide fastening machine where the interlocking element is formed prior to its attachment to the tape?

A. You mean completely formed as a separate element?

Q. Yes. A. Yes, sir.

Q. Are you acquainted with that type of machine wherein the metal strip from which the elements are formed, is previously supplied with or formed to produce and carry the recesses and projections? A. Yes, sir.

(Testimony of William A. Doble.)

Q. Are you acquainted with early as compared to the patents in this suit, methods of forming slide fastenings and attaching them to tape involving the punching out of the element from a strip and replacing it in the strip in the position from which it was punched and feeding it with the strip to the point where it is attached to the tape? [157]

A. Yes, sir.

Q. These methods I have just mentioned are, are they not, prior to either of the patents in suit?

A. Yes, sir.

Q. Prior to either of the patents in suit?

A. Yes, sir. [158]

Q. Yesterday you testified that you believed that the apparatus disclosed in the Poux patent in suit '017 could be made to operate?

A. Yes, sir, I did.

Q. Do you have any amplification of that as to how this could be done?

A. No, sir, not at the present time. If there is anything specially that you have in mind, I would be glad to answer it.

Q. What would be involved in working out a problem of that type?

A. Well, it would require the provision of means for actuating the head 14; it would require means——

Q. Just a moment, please. Is that actuating means old in the art with regard to the patents in suit?

(Testimony of William A. Doble.)

A. Yes, there have been many means for operating a ram.

Q. All right. Continue, please.

A. It would require means for operating the cutter, which——

Q. Is that old with regard to the patents in suit?

A. Pardon me. I haven't quite finished.

Q. All right.

A. It would require means for actuating the cutters, and means for actuating the closing jaws.

Q. Are those elements, or elements of that type, mechanical [159] combination, old with regard to the patents in suit?

A. No, not with regard to the patents in suit. They are new, in a new combination, as found in the patent in suit.

Q. I am speaking of these elements individually.

A. Individually, if you divorce them from the combination, it means nothing. In the combination of the patent, those elements are new and perform a new method.

Q. I am not speaking of the combination in the patent; I am speaking of these various elements of a machine, are they individually found in the prior art, prior to the patents in suit?

A. Individually in the prior art there are means for cutting material, there are means for forming the material, but in the patent there is a combination of means which produces a new and different

(Testimony of William A. Doble.)

result from those means when they are taken separately from the combination of the claim of the patent.

Q. But they are individually old in the art with regard to the patents in suit?

A. As I said, means for cutting metal are old, and means for forming metal are old per se, if you take them, divorce them from the combination of the patent.

The Court: You are a pretty good mechanic, aren't you? [160]

The Witness: I try to be.

The Court: An engineer?

The Witness: Yes.

The Court: You have a shop of your own?

The Witness: Yes.

The Court: Couldn't you have taken the Poux patent '017 and built a machine that would operate from what you saw there?

The Witness: I am pretty sure I could. I would like to take a try at it.

The Court: And you had one bad feature in the Poux patent, that the cutting device came in cross-wise.

The Witness: Yes.

The Court: But it wouldn't have taken any more than mechanical skill to realize that if you put your cutting device up on top and brought it down on the flat surface, you wouldn't have that?

The Witness: With the Poux patent, he had a square rod or a round rod, and it was satisfactory

(Testimony of William A. Doble.)

to the operation of that particular form to use the side cutters so it would operate.

The Court: Supposing you are going to use a flat rod, couldn't you have built a machine, with your ability, to work on a flat strip by using the Poux patent?

The Witness: Yes, I could do it, knowing the situation [161] as I know it now. And I could practice Poux' method by making just such a structure. In other words, I could take his method as he defined in his claims, and I could build a structure. I might not follow the structure that he showed, but I could build one that would work. And that is what Mr. Silberman did.

Now, I might not build it exactly the same as Mr. Silberman did, but I would make one that would work.

The Court: Go ahead.

Q. (By Mr. Mockabee): In other words, the elements essential to an apparatus for practicing the Poux patent are shown in the Poux patent, is that true?

A. Pardon me. I didn't get that.

Q. The functional elements essential to the practice of the Poux method are shown in the apparatus of the Poux patent, is that true, outside of your operating means and——

A. Yes.

Q. —and what you might call the incidental mechanical features?

A. The driving means, for example.

Q. Yes.

(Testimony of William A. Doble.)

A. Yes, the structure of the patent shows one form in which the method might be practiced.

Q. With regard to the side cutter of Poux, is it true that vertical cutters for severing strips was known prior to [162] the patent to Poux?

A. Yes. In those machines which made individual elements, some of them used a vertical cutter for separating that element from the strip.

Q. So it would be mere mechanical expedient to utilize a known vertical cutter in conjunction with the remainder of what is shown in Poux?

A. Yes, to accomplish Mr. Poux' method, you could take a cutter, such as we have seen, which we know of in the prior art, and use it to cut the strip. But in doing so, then you practice Mr. Poux' method, and it is a new instrumentality, it has a new mode of operation, and it has a new identity. The old machine couldn't accomplish the method of the Poux patent. So you have created something new.

The Court: What is the new result—that you changed the cutter from horizontal to vertical?

The Witness: There is no new result there, your Honor. The new result is that in Poux you do not detach the manufactured element from the strip until after it is put onto the tape, so that you maintain that important register. Because if you don't maintain that, a large percentage of your zippers may not be good. And that was the experience they had in the old art. And it made a much faster machine, a much cheaper machine. He contributed a

(Testimony of William A. Doble.)

new novel method to the art, which the art did not disclose, or teach. [163]

Sure, you can take a lot of iron and steel and bolts and make most anything you want, but you have to know what you are going to make before you know which bolts and which pieces of steel to use.

Q. (By Mr. Mockabee): Yesterday you testified that in accordance with the teaching of the Poux method you could use a round bar or a square rod, is that true?

A. That is true. The patent so teaches.

Q. Now, the diameter of that bar or rod naturally requires that the vertical and transverse measurements the same, isn't that true? A. Yes.

Q. And that is true of the square rod?

A. That is true of a square rod. That is not true of a strip that is used in the modern machines for making modern zippers.

Q. In what respect?

A. That the dimensions are not equal. The modern strip is relatively wide and relatively thin.

Q. Do you know the reason for that?

A. That is the form that is most desirable for making the modern zipper element. It is easier to form.

Q. How would you manufacture a modern zipper element utilizing the Poux method with a round or a square bar?

A. I wouldn't do it. I would use, just like Mr. [164] Silberman did, I would use Mr. Silberman's

(Testimony of William A. Doble.)

machine to use the flat bar to make the zipper elements. I wouldn't use a round bar or a square bar.

Q. In other words, Poux purportedly teaches a method which is based entirely upon the use of a round or a square bar, is that not true?

A. That is not true. He teaches a method, and in claim 17 he doesn't say the rod must be round or it must be square.

Q. Where does he disclose the use of a flat strip?

A. He does not disclose the use of a flat strip which has a greater width than thickness. He discloses a flat strip which is a square, and if you want to use a different form you can adjust the tools differently. There is nothing in his method that prevents you from using a flat strip.

Q. But there is nothing in the patent which says I can't form elements according to the Poux method from a flat thin strip, isn't that true?

A. There is nothing in the patent that says you can't.

The Court: Well, it is time to adjourn.

Do you expect your cross examination will be lengthy, Mr. Mockabee?

Mr. Mockabee: It will go on for some time longer, I am afraid.

The Court: We will meet at 1:30 this afternoon, and we [165] will meet in my own court room. We will adjourn to my court room at 1:30.

(Thereupon, at 12:05 o'clock p.m., a recess was taken to 1:30 o'clock, p.m.) [166]

Wednesday, March 2, 1955; 1:30 p.m.

The Court: Call the case.

The Clerk: Talon, Inc. vs. Union Slide Fastener, 10450 for further trial.

The Court: You may proceed.

Before we go further in this case, I would like to talk about the issues for a moment and see if I know what we are talking about.

I have only heard one witness. I haven't heard any cross examination and I haven't made up my mind on anything. But it doesn't look to me from what I have seen so far and from these drawings and exhibits that infringement is an issue in this case.

If it isn't an issue in the case we should frankly say so and devote our time to things that are at issue.

It seems to me that there are some interesting questions in the case other than infringement.

Is there any novelty or any invention in the '017 patent? Assuming that there is, is there any novelty or invention in the '793 patent, particularly in view of the disclosures made in patent '017.

Another question is, and I want to be straightened out on it, is the difference between the so-called method patent and the machine patent. [167]

'017 is a method patent but there is quite detailed disclosures of the way a machine would operate.

Now certainly anybody would be entitled to utilize the material in patent '017, which is not protected by the scope of the patent. And if the ma-

chine which was allegedly patented in '793 has substantially disclosed everything so that an average mechanic could take '017 and make a machine, then there is the question as to whether there is any patentability in '793.

That is an interesting question in the case but it seems to me unless you have some point that you want to suggest to the court that will bear on this question of infringement we should get that out of the case.

Mr. Mockabee: There are some questions of infringement with regard to claims 1 through 4 of Poux.

Poux claims a method, including an operation upon a rod specifically, and that is emphasized not only in the patent specifications but in the history of the Poux application.

We do not use a rod. There are apparently differences in the manner in which you have to operate upon a rod as distinguished from a flat strip.

The Court: Well, let us take up the rod for a moment. Assuming you have a valid patent in '017, is there anything but mechanical skill involved in utilizing the strip instead of a rod? And if the '017 patent covers a square flat surface [168] does it make much difference what depth that flat surface is that goes through the machine?

Mr. Mockabee: Only insofar as the patentee specifically and deliberately limited himself to the use of a rod as distinguished from a flat strip.

The Court: Rod or square?

Mr. Mockabee: Well, I meant that as a rod or

square. In specifically following Poux' method and using a strip in it I think we would encounter what we mentioned this morning, something about the difficulty in severing that strip from the side. [169]

The Court: Well, even you and I as lawyers would be enough mechanics to know that if the severing didn't operate properly that way, all you have to do would be to reverse it and sever it from the top down. By analogy, doesn't that apply. Supposing '017 is valid, you wouldn't contend that somebody could come along after '017 and get another patent using a flatter strip, rather than a square rod?

Mr. Mockabee: No.

The Court: You couldn't do that, because of the fact there had been so much disclosure already in '017 that there would be no novelty in the new invention.

Mr. Mockabee: That is correct.

The Court: Then, by analogy, wouldn't it be true that a person who used a flat strip, instead of a square rod, would be infringing?

Mr. Mockabee: The patentee had a right to claim what he felt was his invention. He placed that, as I recall it, without consulting the history, he placed that in the claims by amendment, to escape or get around a rejection of those claims, deliberately placed it in the claims. His argument was, among others, that the round rod particularly had a cross-sectional shape which was very similar to that of the finished element.

Of course, that is true of a flat strip.

The Court: If you contend that there is no infringement, then this is certainly an inopportune time to discuss it, because [170] I should hear the cross examination and hear your evidence on the matter.

I was just wondering whether infringement was legitimately in the case.

Mr. Mockabee: It is principally in connection with those four claims.

The Court: All right. Proceed with your cross.

WILLIAM A. DOBLE

the witness on the stand at the time of recess, having been heretofore duly sworn, was examined and testified further as follows:

Cross Examination—(Continued)

Q. (By Mr. Mockabee): I believe, Mr. Doble, you testified yesterday, and in some respects today, let me refresh that, that the plunger or ram may be actuated by an ordinary punch press, is that true?

A. You are now referring to the Poux patent '017?

Q. Yes, I am.

A. Yes, the patentee says that the head 14 may be operated by an ordinary punch press.

Q. Now, there are several steps recited or stages of formation recited with regard to the element formed by Poux, that is the recess and projection, the key-hole punch, the [171] side notches, the spreading action; are all these things done at the same time?

A. They are all done at the same time, but not

(Testimony of William A. Doble.)

on the same element. That is, the recess and the projection is formed, the key-hole slot is cut, the side notches are cut, and the key-hole is spread. That all takes place on one operation of the ram, but this operation is taking place on a plurality of elements.

Q. But to form one element it has to go through several stages of operation, is that correct?

A. That is correct.

Q. And several operations of the ram?

A. To completely form one element?

Q. Yes. A. Yes, sir.

The Court: Well, that is true also with the accused device?

The Witness: Yes.

The Court: It is true also of '793?

The Witness: That is correct, your Honor.

The Court: While we are at it, let's get this straight. In each of the three devices one stroke of the crank shaft makes one unit?

The Witness: It completes one unit.

The Court: I didn't state it right. At each stroke of [172] the crank shaft in all three set-ups there comes forth from the machine a completed unit attached to the cloth?

The Witness: That is correct, your Honor.

The Court: All right.

Mr. Leonard Lyon: I don't like to interfere, your Honor, but that doesn't mean that the Poux and the Silberman patent take the same number of strokes of the ram to do that complete job.

(Testimony of William A. Doble.)

The Court: I don't know that I agree with you. In each instance one turn of the crank shaft does not by itself make a complete device——

Mr. Leonard Lyon: That is right.

The Court: ——because there is punching going on on a preceding device at the same time an operation is going on on a device that is further towards the working part of the press. But in each case with each turn of the crank shaft there comes off the end a completed unit attached to the fabric.

Mr. Leonard Lyon: I think that's right, but that doesn't tell the picture that I am getting at.

You have an operation, for instance, in the Poux patent of spreading the jaws. There is no comparable stroke or operation in the Silberman patent.

The Court: Well, that is true, except in the Silberman patent there is the cutting out of a piece of metal which [173] leaves jaws.

Mr. Leonard Lyon: That's right. But they are not spread. There is no spread action.

The Court: It is true also in Poux' '017 that there is the cross cutting action and the gripping—leave out the gripping of the legs—but there is a cross cutting action which takes place during part of one turn of the crank shaft, while in '793 and in the accused device the cutting is done on the down stroke of the ram at the same time the punching is done. There is that distinction.

Mr. Leonard Lyon: Yes. And I have in mind as a critical distinction that you cannot with the Poux arrangement cut, whether you cut from the

(Testimony of William A. Doble.)

top or the side, you cannot cut at the same time that you are spreading the jaws. There cannot be an interference between them. There must be two separate operations.

The Court: You probably have a point there. I hadn't thought about that. There is probably that difference.

Well, go ahead.

Q. (By Mr. Mockabee): In relation to that, Mr. Doble, can you describe carefully the severing and clamping operations and their relationship to each other?

A. Yes, sir, I believe I can. And I would refer, first, to the Poux patent '017, and to Fig. 2 of that patent. In Fig. 2 the head 14, which we might call the ram, is in its [174] upper dwell position. The patentee states on page 1, second column, line 28:

"With the next forward movement of the rod the key-hole shaped openings are advanced to the position opposite the cutter 23. This cutter operates in an interval or dwell between the forward movement of the rod and the descent of the punches."

Therefore the machine as shown in Fig. 2 of '017 shows the ram in the position it would occupy wherein all of its actuating elements are away from the rod, they clear the rod.

The next operation would be to advance the cutting element 23 and the closing die 28 to cut from the rod and at the same time clamp the legs or jaws on the element about the tape.

(Testimony of William A. Doble.)

Now, the patentee states in that respect:

“Preferably the severance is between the jaws of one member”——

Pardon me. I forgot to tell you what I am reading from. I am reading from the Poux patent, page 1, column 1, commencing at line 15:

“Preferably the severance is between the jaws of one member and an adjacent member and the members are preferably severed as one of the members is united with the tape. In this way the fabrication is simplified, the operations made more certain and [175] refinements in the members may be accomplished.”

Now, when the patentee states there that the operation is simplified and made more certain, he is explaining the manner in which the rod acts as a handle to retain the end element in correct register with the tape until the legs of that element are secured to the bead of the tape before the cutter cuts the element completely from the rod.

Q. In other words, do you mean that the clamping action is completed before the severance is done?

A. I don't believe that is necessary in the manner in which the patentee describes it. The effective part of the clamping is completed, I will say that. The element is securely fastened to the tape, but it may still require a little bit more to give it its final clamping action. At that time it can be cut, or slightly thereafter.

(Testimony of William A. Doble.)

Q. Why would it require further clamping action at that time?

A. Because the clamping operation is still in effect. And once the legs are clamped almost completely about the bead the element will be pretty well clamped to that element—to the tape, so as to retain its position. Then as long as the position is securely determined on the tape, then the cutting can be complete. [176]

Q. You say its position securely determined on the tape?

A. Yes, sir; and that is determined by using the rod.

Q. You mean its position against vertical sliding?

A. Against vertical sliding and longitudinal sliding, or the misplacement of the element with relation to—it might be tipped up or it might be tipped down.

Q. Does the severing operation begin after the element has been at least partially clamped upon the tape or before?

A. May I have the question, please?

(Question read.)

A. It would begin after it has been partially or completely mounted on the tape—clamped to the tape and not before. It is at least attached sufficiently so it wouldn't be moved one way or another.

So that you kept that made certain, that portion of the paragraph which I just read previously—in other words he wants to be sure that that element

(Testimony of William A. Doble.)

is going to be on the tape and in the right location and he operates his cutter and his clamping means to effect that purpose.

Q. Well, the patent—

A. Now, there is—pardon me, Mr. Mockabee, there is a latitude in which the operation of the cutter and the clamping means—that is the range of latitude that is permissible, as long as the element is definitely and sufficiently [177] clamped to that tape, then you can cut it off but the clamping action may not at that time be fully completed.

Q. Is this all set forth in the disclosures in your Poux patent?

A. It is set forth in the specifications of the Poux patent. I just read it.

Q. Specifically with regard to the beginning and the completion of the clamping and the beginning and completion of the severing operations?

A. Yes. I believe it is. I have just read what I think is the specific definition of it and then we might turn to page 1.

Q. Just a moment, please. I don't seem to find that from what you read.

A. I read from line 15, column 1, page 1 through most of line 21.

Q. It says "Members are preferably severed as one of the members is united with the tape."

Now, does that set forth with any particularity exactly—

The Court: I don't find that.

The Witness: Page 1, line 15.

(Testimony of William A. Doble.)

The Court: Column 1.

The Witness: Column 1, your Honor.

The Court: It starts with "preferably."

Q. (By Mr. Mockabee): "Preferably the severance is between [178] the jaws of one member and adjacent member and the members are preferably severed as one of the members is united with the tape."

The Witness: That is correct. Then it reads on further——

Q. (By Mr. Mockabee): Now, isn't that a stated conclusion rather than a description of exactly when and how these two operations are performed in conjunction with each other?

A. That is the definition of how he plans to operate it. But you should read the balance of that paragraph or the balance of the next portion of that paragraph which reads in this way:

"The fabrication is simplified"

and I understand him to mean by the word "simplified" that he eliminates the hopper, he eliminates the selector for picking the things out of the hopper, for orienting the little separate elements and then feeding those to a separate attaching machine.

That is what that word means to me—"the operation made more certain," and by eliminating the hopper, the loose elements, the selector and by using the rod as a handle he makes certain that that element is going to be correctly positioned on the tape.

Q. Does any of that language teach anyone the

(Testimony of William A. Doble.)

manner and relationship of and between the cutting and the clamping operations?

A. Yes, I would say it did. [179]

The Court: What is the other language you refer to? Where does that appear?

The Witness: On page 1 of the '017 patent, beginning at line 49—we will start there.

The Court: What column?

The Witness: Column 2, your Honor.

“With the next forward movement of the rod these jaws——”

and those are the jaws on the end element,

“are advanced in position over the rib 2 on the stringer and simultaneously with or slightly before the cutters operate to sever the members, closing dies 28 operate upon the open jaws to close them, pressing them into clamping engagement with the rib.”

Now, there he definitely defines that the clamping action will take place before the element is cut from the handle or the rod.

Q. (By Mr. Mockabee): Simultaneously with or shortly before?

A. Yes. That is, the element is clamped on the tape slightly before or simultaneously with the cutting action of the cutter 23, which cuts that particular element from the rod.

Q. Have you had an opportunity to observe just exactly how this takes place in an embodiment of the Silberman [180] invention which you say is an apparatus carrying out the Poux method.

(Testimony of William A. Doble.)

A. Do you mean by that have I seen the dies operate to close the element upon the tape and to cut it from the fed strip? Is that what you mean by that question?

Q. Have you minutely checked into that?

A. Yes.

Q. Because we are dealing with rather minute particles or elements?

A. They are very minute elements, that is for certain, and that is one of the points I took up with at the Wilson plant in Cleveland with the Talon people.

The Wilson plant at that time was part of the Talon organization and we took it up with the chief engineer there and discussed that matter very thoroughly with him and he diagramed or illustrated as best he could on the machine and then diagramed the timing of the parts to illustrate to us that particular operation.

Q. That timing is not disclosed here in the Poux patent, is it?

A. The timing of the Silberman patent or machine is not defined here. What Mr.—

Q. Well, the timing—

A. What Mr. Poux, pardon me, Mr. Mockabee, what Poux defines is the relationship— [181]

Q. In a very, very broad sense, isn't that?

A. No, I don't say it is in a broad sense. I say it is very definite. As I just read he closes dies 28—wait a minute—before the cutter operates to

(Testimony of William A. Doble.)

sever the members. Now certainly that is definite, isn't it?

Q. Or simultaneously with.

A. Pardon me, let me finish. "The closing dies operate upon the open jaws to close them, pressing them into clamping engagement with the rib."

That certainly is definite. It is certainly definite to me.

Q. With regard to the closing dies per se, yes.

The Court: All right, let us go ahead. I can read what is in the patent.

Q. (By Mr. Mockabee): In the severing of the element in the Poux patent is that severing not done at one of the side notches?

A. Yes, it is.

Q. Or from one side notch to the other?

A. Yes, sir.

Q. Is that not correct?

A. That is correct.

Q. Now, opposite the cutter 23 of Poux is a stationary member 25 which we might call an anvil.

A. He calls it a die. [182]

Q. Or a die. It appears as a member with a flat surface disposed toward the rod, is that not true?

A. That is correct.

Q. Now when the cutter presses laterally against the metal in a transverse or horizontal direction, what surfaces bear against the member 25—what rod surfaces?

A. The side surface of rod 8 bears against the die 25.

(Testimony of William A. Doble.)

Q. What are the shapes of those surfaces?

A. Well, in Figure 2 they are round. That is part—the surface is cylindrical. In Figure 3 the surface would be a flat side. That is in Figure 4 there is a square rod shown and Mr. Poux says he can use a square rod or a round rod.

Q. Would not the square rod of Figure 4 have notches in it? A. Yes.

Q. What would be the tendency of the end element to move under the influence of that cutter 23?

A. I believe it would move.

Q. How?

A. Sideways, toward the die 25.

Q. Would there be no other movement?

A. No, I don't think there would be.

The Court: Wouldn't that depend entirely on where die 25 was placed? If die 25 was placed broad enough to not only cover the notch but cover the surface of the rod that lays [183] flat against the rod and forward of the notch and the surface of the rod back of the notch there would be no reason why the end device should move sideways when the cutter went through. It couldn't move, isn't that true?

The Witness: If I understand, your Honor, you are referring to the die 25 being broad enough to support the rod?

The Court: Yes.

The Witness: Well, when the cutter 23 is moved in the direction of die 25 to perform the cutting

(Testimony of William A. Doble.)

operation it would push the end element toward the die 25.

The Court: How could it push it if the rod was flush against the die? Let me give you an example of what I mean. Here is the rod with the notch in it and here is die 25, we will say.

The Witness: Yes, sir.

The Court: Which is big enough to lie flush against the rod. I have it too big—I have too big a notch in there. Flush against the rod and back of the notch and forward of the notch.

The Witness: Yes, sir.

The Court: When the cutting arm goes across to cut at the notch how can it move?

The Witness: Well, your Honor, the die 25 is on the opposite side. I will put 25 there. And here is the [184] cutter. I see you have it there, excuse me. I misunderstood your drawing there.

Now, that isn't the manner in which it is disclosed in the patent. The die 25 ends in alignment with the surface of the concave portion of the cutter.

The Court: Does it say so?

The Witness: Yes, your Honor.

The Court: Where does it say that?

The Witness: Well, if you will look at the figure you can see it right in the figure.

You see the die 25 has a curved forward surface. We will take the forward surface toward the element that is going to be cut off.

The Court: Yes.

(Testimony of William A. Doble.)

The Witness: And you will notice that the cutter 23 has that concave surface numbered 23a. You will notice that the 23a is just to the left of the figure 23.

The Court: Yes.

The Witness: And those two surfaces—that is the convex surface on 25 and the concave surface on 23 are supposed to mesh. That is so you get a shearing action between those two cutting members.

The Court: But the cutter 23 doesn't have to cross that far to cut? It cuts at the notch, does it not?

The Witness: It cuts at the notch, your Honor, but in [185] doing so it is going to force the material of the element that is going to be cut off, that is being cut off, in the direction toward the die 25.

The Court: Is there anything in the specifications which show that that die 25 is to lie entirely posterior of the notch?

The Witness: Well, I could read this part. I think it probably will. Referring to the cutting die. It has a concave cutting surface on one face and preferably a plain cutting surface 23a on the opposite face. It co-operates in connection with the die 25 at the opposite side of the rod.

The concave cutting surface forms a rounded end 24.

And if you turn to Figure—look at Figure 1A you will notice that before the right-hand end of the element 3 is the rounded end indicated by the

(Testimony of William A. Doble.)

numeral 24, but that is a normal shearing action and during that shearing action the front element which is to be cut off will possibly be pushed sideways by the cutter.

The Court: That is the only place you find any mention of that point?

The Witness: I believe that is, your Honor.

The Court: I don't read it as you do because it says it has a concave cutting surface on one side and preferably a plane cutting surface on the opposite side.

The Witness: Yes. [186]

The Court: If you were talking about a description that came within the purview of this drawing it would say "convex on the other side," would it not?

The Witness: Yes. Now, I think what he meant by that, your Honor—unfortunately he used the numeral 23 for both surfaces of the cutter 23.

You see the forward surface is concave and the rear surface or I might say the surface toward us is concave, and that is designated by the numeral 23. The opposite surface of the cutting die is straight and is also designated by the numeral 23.

The Court: 23a.

The Witness: 23a. And what he intends to do by that is to make a straight surface as shown in Figure 1A at—well, just at the point where the numeral 3, the lead line from numeral 3 leads into the front end of that cut-off element.

In other words he gets a straight line on that

(Testimony of William A. Doble.)

portion of the cut where on the opposite portion of the cut he gets the curve as illustrated at 24.

Now, there is one other place in the patent he mentions that. He says—well, I will start on page 2, column 1, line 56:

“By forming the strip with a plurality of interlocking members formed or partially formed, and with a major portion of the side edges of the [187] members unobstructively exposed it is possible to finish these edges and portions of the members with greater facility.”

As shown this adaptability is utilized in the convenient arrangement of the cutting tool 23 by reason of this unobstructed edge. The cutting tools may be made with the concave cutting surface 23a, giving the jaw end of the member an eased or rounded shape. [188]

The Court: Well, that doesn't answer my query. That just says what it says.

The Witness: That is correct, your Honor.

The Court: You said, also, something about the customary shearing action. Now, if this was a solid rod at this place of shearing without a notch, and if die 23 was concave and die 25 convex, and the cutting had to proceed clear through the rod, then I would say there was a shearing action where the concave met the convex at the far side of the rod; but where the cutting only proceeds through that portion of the rod that is left between the notches, then I can't see that there is any shearing action, and 25 to me is only a stop or a block or a die that

(Testimony of William A. Doble.)

holds the rod in position while the cutting goes on.

The Witness: Well, I think your Honor has analyzed that very nicely.

Now, if you look at Fig. 3, I think it will pretty well illustrate the part that has to be cut or sheared off. And the upper surface of the key-hole slot, that is, the edge of the rod opposite the key-hole slot, which is opposed by the die 25, would be held stationary.

The Court: Are you talking about 3?

The Witness: Fig. 7, your Honor, which is the top planned view of two of the elements.

The Court: I thought you said Fig. 3. [189]

The Witness: No, your Honor.

Now, in shearing the element 3 or the member 3 from the end of the rod, the cutter 23 will engage the side of the rod opposite to the die 25 and will——

The Court: Then it cuts two things; it cuts the remaining portion of metal between one unit and another——

The Witness: That's right.

The Court: ——and at the same time it shears off some corners off of the second unit that is coming up.

The Witness: That is correct, your Honor.

The Court: All right. I think I understand it.

Q. (By Mr. Mockabee): But you state that there is a sideways shifting movement of the end element during this shearing operation?

A. I believe there would be.

(Testimony of William A. Doble.)

Q. There is nothing shown to hold that element, and in the specification there is nothing to explain that the end element should be held during the shearing operation?

A. Do you mean against that sidewise—tendency of sidewise motion of the cut end of the last element?

Q. Yes.

A. Well, I can't see anything in the drawing, and I don't remember anything in the specification that makes any mention of that condition.

Q. To use a backyard expression, if we want to put it [190] that way, when you bring an axe down on a piece of kindling, what happens to the two pieces that are cut?

A. Well, several things could happen. It depends on the piece that is going to be cut. It is liable to be cut in half, or the axe will lodge in the block of material that you are whacking the axe against.

Q. I am speaking of a small piece of kindling.

A. You just chop it right in half.

Q. Doesn't the kindling move? A. Yes.

Q. Which way?

A. It depends on how it is supported.

Q. If it is lying on the ground and you are chopping down on it.

A. Then the ends, the portion of the stick that is engaged by the edge of the axe will be forced into the ground.

Q. What about the other ends?

(Testimony of William A. Doble.)

A. The other ends will go up. There is nothing to hold them.

In this case you have the clamping dies 28 holding the forward end of the element which is cut from the rod.

Q. The portions of the element between the clamping dies are rounded, are they not?

A. They are in Fig. 2 and Fig. 3, they would be a flat surface if you used the square rod of Fig. 4. [191]

Q. When the square rod has jaws formed on it, those jaws would extend generally diagonally outwardly as in Fig. 7, would they not?

A. You are speaking about the jaws formed on the end of the element?

Q. Yes.

A. Yes, they would extend outwardly as shown in the planned view of Fig. 7 and there indicated by the numeral 26.

Q. Well, then, would there be any flat surfaces for the closing members to engage and hold the end element against the lateral movement?

A. No, there would be a line contact if the square bar were used, and it would depend on how much pressure was being applied to those jaws as to the amount of resistance to endwise movement of the element during the shearing.

Q. In ordinary mechanics would you consider that a good gripping action to prevent tilting or movement of the axis of the element to an angle?

A. No, I don't think it would be the best.

(Testimony of William A. Doble.)

The Court: What are you trying to prove, if you don't mind telling me?

Mr. Mockabee: That this end element when cut is not held in proper alignment to serve cooperatively with elements adjacent to it and complementary elements on the other tape [192] to form an interlocking assembly, insofar as Poux teaches.

The Court: That, therefore, the Poux machine as shown, incidentally, in the patent, is an inoperative machine?

Mr. Mockabee: Yes, sir.

The Court: If I follow that conclusion, therefore it is entirely possible for a person to come along and invent '793, a machine that does it, is that right?

Mr. Mockabee: No. I am speaking of a method. And whatever is shown in Poux' apparatus, which Mr. Doble says he can build and make operate, is also shown in Silberman's '793.

The Witness: May I correct that just a moment, Mr. Mockabee?

I didn't say that I could make a commercially successful machine out of this Poux device. I said that Mr. Silberman was the first one that made a commercial machine out of it. I didn't. You would have to reorganize the structure as shown in Fig. 2 of the Poux patent to make a commercially successful machine.

Q. (By Mr. Mockabee): Granted.

A. And that Mr. Silberman did.

Q. Granted. But for the purpose of argument,

(Testimony of William A. Doble.)

Poux shows very generally, and I have maintained broadly and vaguely, a method of making elements out of a bar, primarily a round bar, and he shows apparatus in connection with it. [193]

Now, whether or not the apparatus shown in Poux is a complete working machine or a commercially successful machine, it does not amount to patentable invention to utilize what there was that Poux taught in arriving at the Silberman apparatus, and in view of other prior art which we are going to present?

A. I can answer, I think, very fully, Mr. Mockabee.

It took the arts 13 years after Mr. Poux to be able to make a successful commercial operating machine, which incorporated the Poux method.

Q. Upon what do you base that statement?

A. On a study of the art. Mr. Silberman was the first one that came along and made a commercially successful machine incorporating the Poux method.

The Court: Well, I am kind of lost on your positions.

Your position, as you told me yesterday, is that a machine could be made from the Poux patent '017, that it would be impractical and that it would be expensive, because of waste material, and so forth; is that right?

The Witness: That is correct to this extent, your Honor: I could make it, but that wouldn't

(Testimony of William A. Doble.)

be a commercial machine. It would operate, but it still wouldn't be a commercial machine.

The Court: Why?

The Witness: Because you would have to rebuild the [194] Poux machine in the manner that Silberman did.

First of all, I might call your Honor's attention to the fact that the ram stands still in its dwell position free of the rod during the cutting and clamping. Now, in Silberman, all of those operations take place during the operation of the ram, which gives you two important things. One is the manufacture or formation of the unit, and the second is the rams and dies—I mean the dies and punches carried by the ram and the base clamp, you might say, the handle or the rod of the strip firmly to hold it in correct position when it is cut. In other words, to take Poux and make an operating machine would require invention. That is, as he has disclosed it in Fig. 2 of his patent.

The Court: I don't want to lose my thought.

Now I have your general position.

Apparently it is your position that a machine could not be made on the basis of what Poux disclosed in '017?

Mr. Mockabee: His method could not be operated. But for whatever the Poux patent is worth, and with the knowledge of the art, it is well within the province of one skilled in the art to produce the Silberman apparatus.

The Court: All right.

(Testimony of William A. Doble.)

Before we pass this subject, I have another question to ask. Referring to '017, Fig. 2, referring to jaws 28, there is apparently one on either side, which its function is to [195] close the legs around the fabric 2——

The Witness: That is correct, your Honor.

The Court: ——I assume that they operate simultaneously from either side.

The Witness: Yes, your Honor.

The Court: The drawing being in perspective, it is difficult to show where they hit, but it looks as if they hit on the legs, and that 28 on either side does not touch the body of the rod, at least until the legs are closed.

The Witness: Yes, your Honor.

The Court: Is there anything said in the patent about that?

The Witness: No, not that I can remember.

The Court: Now, it would be mechanically almost impossible, would it or would it not, to take 28 and have it perform the operation it is to perform if you extended it down so that it hit the rod, as well as the so-called legs? In other words, if this one unit 28 hit both the rods and the legs at the same time there would be no closing action, would there?

The Witness: Well, there would be a closing action to the point that the jaws or the clamping member 28 hit the body of the rod, then it would stop.

The Court: I say if 28 hit the jaws and the rod

(Testimony of William A. Doble.)

at the same time, simultaneously, then there would be no closing action, would there? [196]

The Witness: That is correct.

The Court: Because the rod would keep 28 from moving forward, keep it there from compressing the legs?

The Witness: That is correct, your Honor.

The Court: And if 28 coming in on the legs from either side hit the legs first, then you would get no support on the rod, until the legs had closed sufficiently for 28 to hit the rod?

The Witness: They will have contacted the jaws—if you look in Fig. 7, you see the jaws 26 or legs are spread outwardly from the body of the element, which would be the diameter of the rod, so there is considerable closing action there before the clamps could contact the side of the rod. Also, we must consider the thickness of the tape, its position between the legs. During that clamping action the clamps engage the jaws, and also the cutters are engaging the opposite end of the element where it is going to cut it off, it is going to cut that element from the rod, so you get that supporting action from both the clamping jaws and the cut-off mechanism.

The Court: But it would only take mechanical skill, would it not, to take a unit like 28 coming from either side and on one stroke of the crank shaft have it move in midway of the new object, the new unit at the end that is being cut [197] off, and clamp it midway between the legs and the

(Testimony of William A. Doble.)

portion to be cut off, and at the same time have another unit parallel with 28 move in, and after the clamp had been set, then set the legs?

The Witness: Well, there is a complication here, your Honor, in the size of these elements. Remember, when you look at one of the little elements, it is hardly larger than a big flea, and it is very difficult to get punches small enough that would be operative to operate in such a small area.

The Court: They have already done that with punches and dies.

You don't think that is a good objection to that suggestion, do you?

The Witness: I really do, because this is such a small place that you are working on that it would be difficult.

The Court: Aside from the mechanical difficulty of having space enough to get something in there with a clamping action, in your opinion wouldn't it only take mechanical skill to have a clamp something like 28 coming in from either side to grasp that unit in the middle, prior to the time that a parallel object came in and closed the legs?

The Witness: I don't believe it could be done commercially. I think you might make a trick apparatus that would do it. [198]

The Court: I didn't ask you whether it could be done commercially, but I wondered whether in your opinion it would be a mere mechanical skill to do that.

(Testimony of William A. Doble.)

The Witness: I think it would take a great deal of skill to make such a structure.

The Court: Go ahead.

Q. (By Mr. Mockabee): In the shearing or cutting or severing of the end element, does the cutter have to pass entirely through all of the metal which is being cut? A. No, it does not.

Q. Is that due to the natural shearing action that occurs when a knife and a die or an anvil are placed in proper relative positions in usual shearing?

A. That is correct. It is not necessary for the punch to pass completely through the material.

Q. In other words, the element then would be severed from the bar before the cutter 23 has completed its cutting movement, is that correct? Or before it has passed entirely through the metal being severed.

A. Well, taking your last question and eliminating the first part of your question, the element would undoubtedly be sheared loose before the cutter passed completely past the material of the bar at the point where it was being cut.

Q. And you say, I believe, also, that before any appreciable clamping of the legs on the tape occurs, there is [199] a considerable movement of the closing members 28 and movement of the jaws 26, is that correct?

The Court: The jaws aren't 26, are they?

The Witness: I was going to ask to have that question read.

(Testimony of William A. Doble.)

Mr. Mockabee: They are marked 26 in Fig. 7.

The Court: By jaws do you mean——

Mr. Mockabee: Just of the element.

The Court: ——the legs?

Mr. Mockabee: Yes.

The Witness: Now may I have the question read, please?

The Court: Read it, please.

(The question referred to was read by the reporter, as follows: "Q. And you say, I believe, also, that before any appreciable clamping of the legs on the tape occurs, there is a considerable movement of the closing members 28 and movement of the jaws 26, is that correct?") [200]

The Witness: Yes. I believe there will be some clamping action as soon as the jaws start to move inwardly.

If we look at Figure 7 you will see the bead of the tape is nested very deeply into the notch between the legs. So that the first, the initial movement of the legs would tend to clamp the element onto the bead of the tape.

The final clamping, of course, would take place when the ends of the element—that is the ends of the jaws of the element, the jaws 26, are brought into contact with the stringer portion of the tape, so that it completely encloses the bead or rib 2 of the tape element.

Q. (By Mr. Mockabee): Referring to Fig. 7. The element jaws 26 are shown with divergent

(Testimony of William A. Doble.)

inner straight side wall portions. Do you see that?

A. Yes, they are.

Q. Would it not be necessary for those divergent side wall portions to be swung toward each other until they become at least parallel before they start to grip the rib of the tape?

A. I don't believe so. I believe a pinching action will start as soon as the jaws are pressed toward each other.

Q. Is the bite or the junction between the inner walls of those jaws on the element notched or provided with corrugations or is it smooth and rounded?

A. Well, it is relatively smooth. It is a sheared [201] surface and it may have certain lines, shearing lines in it and a certain amount of roughness but it is not corrugated by some mechanism which would put ribs in the interior surface of the jaws.

Q. Well, that then would cause the diverging jaws to grip the rib of the tape?

A. Because they would start to pinch on the rib of the tape as they are being closed.

Q. What holds the rib of the tape down between the point where the jaws come together?

A. The guide below, the guide wheels below the attaching location which are shown as the tension roller 13—they would tend to hold that tape right into the notch formed between the jaws 26.

Q. Those guide rollers are shown some distance below the jaw closing members 28, aren't they?

A. Well, that is a relative term. I don't know

(Testimony of William A. Doble.)

how far they are down. They are a very short distance down from the clamping position.

Q. And the tape and rib are flexible, aren't they? A. Yes, they are.

Q. Do you think it would be necessary in following the Poux method particularly with the use of round rods, to provide some means which would firmly grip that rod against rotational movement and also permit its step by step advancement? [202]

A. Yes. The feed rollers 29 positively grip the rod 8 and operate intermittently to advance the rod through the step by step process in the manufacture of the elements.

Q. The rod is shown as round in Figure 2?

A. That is correct.

Q. Is it not? A. Yes, sir.

Q. And the channels in the peripheries of the feed roller 9 are "U"-shaped or rounded in cross section, are they not?

A. Yes, sir, they are.

Q. And they are smooth, are they not?

A. Well, I can't tell from the drawing whether they are smooth or not. They might be.

Q. The drawing does not show any corrugation or gripping means, does it?

A. Not that I can see. There are some shading lines but I wouldn't want to say that that is part—

Q. They are the ordinary shading lines such as we usually find in patent drawings, are they not?

A. More or less, yes.

(Testimony of William A. Doble.)

Q. How many steps are gone through in the completion of a single element in the Poux method—how many progressions of the rod? [203]

A. Three.

Q. The drawing in Figure 2 shows one end element, in back of that is a keyhole slot and a recess, is that not true? A. That is correct.

Q. And in back of those are another set comprising a keyhole slot and a recess, is that not true?

A. That is true. Those are the three that I mentioned.

Q. Upon the downward movement of the ram another keyhole slot and recess is formed, is that not true? A. Yes, that is true.

Q. And the end element has just been severed, is that not right?

A. No, sir, that is not true.

Q. It is still on the rod?

A. It is still on the rod.

Q. That would make four steps, wouldn't it?

A. No, because it would have been severed before the downward movement of the ram.

That I think should be understood very clearly, that the cutting off action has no relation to the position of the ram other than its dwell position where the tools are retracted from the surface of the rod.

The cutting action takes place while the ram is in its up position.

Q. So that the element is cut and moved out of position [204] before the ram is moved down-

(Testimony of William A. Doble.)

wardly to form the next recess and the next key-hole slot?

The Court: I thought you just told me that the cutting occurred while the ram and the punches were in the down position and that that was one of the things that gave security and held the rod in shape.

The Witness: No, not the Poux patent. That is the Silberman patent.

The Court: Is there any reason why that couldn't occur in the Poux patent?

The Witness: Oh, yes.

The Court: Why?

The Witness: Many reasons.

The Court: Why?

The Witness: Because the element has to be cut off before the spreading punch, for one thing, can come down and spread the legs of the next succeeding element.

The Court: Now, is there any other reason? I agree with you on that one.

The Witness: Let me see. Now, another reason is, of course, if the ram were down you couldn't operate the cutter because it would interfere with the spreading ram 27. You would get an interference there.

The Court: It would depend on how high 27 was above the rod—the height of 23 and so forth, would it not? [205]

The Witness: Oh, I don't think so, your Honor. I think if you had the ram down to where the

(Testimony of William A. Doble.)

elements are engaging the surface of the round rod to clamp it, then you would get interference between the cutter and the spreading die or spreading plunger.

The Court: All right.

Q. (By Mr. Mockabee): Then the distance within which a single element is formed under the Poux disclosure is that of three interlocking elements, is that correct?

A. I don't believe I understand the first part of that question. May I have it read, please, your Honor?

The Court: Read the question.

(Question read.)

The Witness: That appears to be so.

Q. (By Mr. Mockabee): Then with the apparatus in the position of Figure 2, upon a further or another downward movement of the head 14, to produce another keyhole slot and recess, the keyhole slot 20 immediately to the left side—immediately to the left of the side notch will be opened, is that correct?

A. No, that is not correct. As I pointed out before the head 14, which we call the ram, is retained in its upper position at the time the completed element is severed from the rod.

Q. Yes. [206]

The Court: I don't think you understood the question. Will you read the question?

(Question read.)

(Testimony of William A. Doble.)

The Witness: My answer is correct. You can't spread the legs until it is cut off.

Q. (By Mr. Mockabee): You have said that your end element is cut off when the head 14 is raised, is that not true?

A. Yes, the end element is cut off while the head 14 is standing still up above its operative position.

The Court: This question now concerns that situation. It has been cut off. Now, a downward movement of the head would give you the recess and projection made, the keyhole punched and the jaws spread.

The Witness: That is correct, your Honor. I have so stated several times.

Q. (By Mr. Mockabee): I just wanted to make sure of that.

Now, referring to Figure 2 of Poux, is it not true that the proportions and dimensions of the apparatus and the material worked upon are greatly enlarged?

A. Yes, I believe they are.

Q. So that the tools 17, 18, 21 and 27 which are all supported by the head 14, all lie within a distance at least no greater than the length of three elements—zipper elements, is that correct?

A. No, that is not correct. They would lie within the length of four zipper elements,—the completed one which is being attached to the tape, the next keyhole and then there is a next keyhole and then there is a position where the succeeding keyhole

(Testimony of William A. Doble.)

will be formed before the rod is moved forwardly to bring the jaws of the rod into engagement with the tape so the span, you might say, in the manufacture and applying of the elements comprise four elements—the length of four elements.

Q. What tool on the head 14 lies within the end limits of the end element upon the tape?

A. There are none.

Q. Therefore it does not lie, does not include the length of that end element, does it?

A. Well, it depends upon where we are taking the distance from.

The Court: He said the tools attached to the head.

The Witness: The tools attached to the head cover a span of three elements.

Q. (By Mr. Mockabee): Thank you.

How does the ram and its tools for operating upon the stock and forming an element in the Silberman apparatus compare with that of Poux?

A. Well, there is a great deal of difference and I will point that out. [208]

In doing so I will refer to Plaintiff's Exhibit 4, plate 2 thereof.

We note first that there is a ram which we have pictorially illustrated by a relatively heavy red line and given it the reference number of 272.

That ram carries a cutting die, a forming die and two cam plates.

The Court: The cam plates 498.

The Witness: Yes, cam plates 498. The head or

(Testimony of William A. Doble.)

what we may call the ram 14 of the Poux patent does not include the cam plates 498. It does not include the cutting die 322 and on the other hand the head 14 of the Poux patent does carry a key-hole punch 19.

That is not found in Silberman. The head 14 of the Poux patent also includes two side punches which are not found in the Silberman patent.

The Court: Side punches?

The Witness: Yes, your Honor, they are the 21. They take a little notch out of the sides of the round bar.

The ram 14 or the head 14 of the Poux patent also carries the spreader punch 27.

The ram has no relation or no connection to the operation of the element closing clamps or jaws.

In the Silberman patent because the ram carries the cam [209] plates 498, which co-operate with the yellow closing jaws, the downward movement of the ram acts to close the jaws on the tape.

The downward movement of the ram in the Poux patent does not cause the closing jaws or closing dies to fasten the element onto the tape.

The ram in the Silberman patent carries the element cut-off die.

The ram in the Poux patent does not carry a cut-off die. In fact the cut-off die in the Poux patent cannot be operated during the down stroke of the head 14.

The downward stroke of the ram in the Silberman patent causes the entire manufacture of the

(Testimony of William A. Doble.)

element—the closing of the legs of the element upon the tape and the severing of the element from the metal strip.

That is not in Poux—that is not so in Poux. The downward movement of the ram clamps the metallic rod or the metallic strip between the cut-off die or the cut-off punch which is carried by the ram and its co-operating cutting die which is carried by the base.

The same is true with the head forming punch and die, one element of which is carried by the ram and the other by the base.

During the movement of the ram downwardly the pink metallic strip is securely clamped between the co-operating dies [210] and cutting—and the die for forming the heads and the cutting dies for cutting the element from the strip so that you are enabled to run the machine at great speed because the pink metallic strip is firmly gripped in a vise-like manner between the cut-off element and the head forming element during the time the element is fastened to the tape.

Now, you don't find that co-operation in the element in the Poux patent. [211]

Q. Is it true that in both Poux and Silberman there is disclosed a timed functional relationship between the ram operation to form the element and that of the cutter and the jaw closing?

A. There is a timed relationship, yes, but that timed relationship is not controlled by the downward movement of the ram, as it is in the Silber-

(Testimony of William A. Doble.)

man patent. And that is a very important feature of the Silberman disclosure, controlling the entire manufacturing operation during a single down stroke of the ram, which is only 180 degrees revolution of the main drive shaft. The entire element is formed during that short interval of time, which if you are making 2,000 elements a minute, that is the machine is running 2,000 revolutions a minute, it will be $33\frac{1}{3}$ actuations of that ram during a second.

Now, that is moving pretty fast. And in order to keep control of that element so it won't be thrown out of the machine, or the strip lifted up, because of that very rapid vibration, it must be clamped and held firmly. That is what Silberman does. Until the element is fastened onto the tape. And that is what Poux does not teach.

The Poux machine could not be a fast operating machine. At the best, it could only be a very slow operating machine.

Q. But the fact remains that Poux discloses this timed relationship between the head or ram operation and that of the [212] cutters, is that not true?

A. That is true, but it is a different relation than you have in Silberman for this reason—

Q. I merely ask—

A. Pardon me. Let me finish my answer. The ram stays stationary, the cutters operate, the cutters retract and then the ram operates; whereas in Silberman the ram makes its down stroke and it causes all of the elements to operate during the

(Testimony of William A. Doble.)

time that it is operating. So there is a different relationship there. True, they are timed, but they are differently timed.

Q. Does Poux say that the ram stays stationary?

A. Yes, sir, he does. And I will read that to you. On page 1, line 27.

The Court: Column 1?

The Witness: Column 2, your Honor.

“With the next forward movement of the rod the key-hole shaped openings are advanced to the position opposite the cutter 23. This cutter operates in an interval or dwell between the forward movement of the rod and the descent of the punches.”

The descent of the punches is the downward movement of the ram which carries the punches into engagement with the ram to manufacture the element.

Q. (By Mr. Mockabee): That doesn't say that the ram stops. [213]

Q. What is a dwell?

Q. A dwell could be a period while the ram is going up, is that not true? A. No.

Q. According to this statement.

A. No, it is not.

The Court: “Interval” refers to time, does it not?

The Witness: Yes, your Honor. That is the length of time.

The Court: It might be a space on a plane, an

(Testimony of William A. Doble.)

interval, or would it be more apt to be a period of time?

The Witness: A period of time. But a dwell means something standing still, to me.

Q. (By Mr. Mockabee): The patentee says interval or dwell. I think he is using that more or less simultaneously.

The Court: Is "dwell" a technical word used in patent art?

Mr. Mockabee: I guess a lot of words are used in patent art.

The Court: Mr. Witness?

The Witness: It is used quite often, your Honor. I have used it many times.

The Court: A word of art?

The Witness: No. It has a common meaning.

The Court: What do you mean by a dwell?

The Witness: I mean, when a member has an operating cycle of movement, and it stops between portions of that operating movement, I would call that a dwell.

Now, this head moves up and when it moves up there is a dwell, it stops there while certain other operations take place, and then it is moved down after that dwell period to perform its cycle while the other instrumentalities are moved out of the way.

The Court: Would you use the word "dwell" only in the event the machine stopped?

The Witness: Or substantially stopped.

The Court: Well, what about the interval be-

(Testimony of William A. Doble.)

tween the time the piston is going up and coming down, but where there is no stopping except, I suppose there would have to be a stopping, mathematically, when it ended its upward movement and started down, there would always have to be a stopping, wouldn't there?

The Witness: Yes, there would.

The Court: Even——

The Witness: Even in a reciprocating engine that is going very fast.

The Court: Therefore, there would always be a dwell?

The Witness: That is right.

The Court: Would you refer to dwell as merely that little [215] interval when the piston was at the top of the stroke and standing perfectly still, or would you refer to the dwell as the period of time when the piston was on its way up and before it got down into any position of proximity to the operation?

The Witness: I don't think the patentee uses the word "dwell" in that sense. I think he means after he has moved the ram up out of the way of the rod it stops, stays there. He performs the other operations, and then after the other operations are completed and the instrumentalities removed from the strip, the ram then takes the next cycle in its operation.

That would be my understanding of what the patent teaches.

Q. (By Mr. Mockabee): Mr. Doble, in consid-

(Testimony of William A. Doble.)

ering that same sentence that you read from the specification of Poux, they are speaking, aren't they, of the interval or dwell, not of the head 14, but the interval or dwell between the movement of the rod and the descent of the punches?

A. Well, it says, "and the descent of the punches," so it means there is a dwell in the movement of the rod. There is likewise a dwell in the movement of the head downwardly to perform its manufacturing operation, and the interval.

Q. Have you overlooked the word "between" in that sentence? The interval or dwell between the movement of the rod and the descent of the punches? [216]

The Court: I can read the language. It looks clear to me that that is what it says. In fact, I hadn't noticed that it actually defines what the interval or dwell is by the following words.

It is time for a recess.

We may stop a little early this evening, instead of going on to 4:30. We will see.

(Recess taken.)

The Court: Proceed.

Q. (By Mr. Mockabee): Mr. Doble, referring to claim 1 of the Silberman patent, and comparing it with the disclosure in the Poux drawing, is it not true that Poux shows means for feeding a tape into a predetermined position?

A. Yes, sir, Poux shows such a structure, such a means.

Q. And means for feeding a metallic member

(Testimony of William A. Doble.)

toward that position? A. Yes, sir.

Q. And means immediately at that position for performing all operations upon the fed member to form slide fastener elements from the fed member?

A. In the Silberman patent there is a different organization of means illustrated and taught than there is in the Poux patent.

Q. Does claim 1 call for any specifically different organization? [217]

A. Yes, I think it refers to the means which are defined in the specifications and illustrated in the drawings of the Silberman patent, and those means have a different mode of operation and are structurally different from the means shown in the Poux patent.

Q. I am speaking of what is being claimed by Silberman.

A. The claim defines means, and those means are the elements illustrated in the specifications of the Silberman patent and in the claims.

Mr. Leonard Lyon: I think the confusion here is that counsel has read only part of the claim, and his question is broad enough to include the whole claim, and the whole claim hasn't been read.

Mr. Mockabee: I am taking the claim as it is set forth here. I will go through the whole claim.

The Court: I was going to ask, and it may be answered by the rest of the claim, isn't it true in patent law that the patent is no broader than the claim, and, for instance, if a patent claim said only means of doing something, without describing it,

(Testimony of William A. Doble.)

the claim wouldn't be good even though you could tell what those means were by looking at the drawings or the specifications?

Mr. Leonard Lyon: There is a new provision in the 1952 Patent Act that is squarely on this subject, your Honor. It is a definition of a claim for means. [218]

The Court: You can cite it to me later. Was that the old rule that I stated, or was I wrong about that?

Mr. Leonard Lyon: You stated the rule in some of the older cases, that a claim for means was limited to the means shown in the specification. The statute now says that it shall be limited to the means shown in the specification and the equivalents.

Mr. Charles Lyon: May I read what the statute says? Section 112 of the new Patent Act. It is in three paragraphs, the last paragraph of which reads:

"An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof."

The Court: It still excludes the drawing?

Mr. Charles Lyon: The specification in patent law is construed as being——

The Court: The drawing and the writing?

(Testimony of William A. Doble.)

Mr. Charles Lyon: The drawing and the written matter.

The Court: All right. Go ahead.

I demonstrate by my questions how little I know about patent law, so you will have to bear with me.

The Witness: My answer was based on the further portion of the claim which you did not read.

Q. (By Mr. Mockabee): I will read it through, then, and then we will go back and refer to different parts of it.

“to form slide fastener elements from the fed member and to attach the elements from the fed tape directly from the fed member, the feeding means”——

A. I might call your attention to an error in the claim. The claim does call for feeding means, but what he really means is the forming means, which he defined in the element to which this is a portion. Because it is clear that the feeding means doesn't include a shaft or a base.

Q. That is true.

A. It should be the forming means, so that should be corrected in the claim.

Pardon my interruption, but I thought it would be better to have that clear at this time.

Q. Taking it for granted for the purpose of the present time that that means forming means including a base, which Poux must undoubtedly have, is that not true?

A. Yes, I think Poux has a base, all right.

Q. Does Poux have a shaft carried by the base?

(Testimony of William A. Doble.)

A. Well, it doesn't disclose one, but he has to have some mechanism for operating the ram and other instrumentalities, but he doesn't teach just how that is to be accomplished. [220]

Q. Formerly would a shaft, such as called for by Silberman, be used in an apparatus of this general type?

A. I think Silberman was the first one to use that particular form of a shaft. There have been shafts used for operating rams.

Q. In punch presses?

A. In punch presses.

Q. Long prior to Silberman or Poux, isn't that true? A. That is true.

Q. A ram, which is the head 14 of Poux, is that not true?

A. No, I can't even agree with you there. I will agree that Poux has——

Q. 15, a cylindrical member?

A. Well, that is called a plunger. But in the Silberman patent the word "ram" has a definite meaning. Now, the equivalent of that ram in Silberman is the head 14——

Mr. Leonard Lyon: You mean in Poux?

The Witness: The ram 15 of Silberman is found in the Poux patent in the head 14, but it is of a different construction, has a different mode of operation, and the results are entirely different.

So it is true that it might have what we will call a ram, but it is a different type of instrumentality, it operates differently, and it performs differently

(Testimony of William A. Doble.)

than what we might [221] refer to as an equivalent in the Poux patent.

Q. (By Mr. Mockabee): Are these differences that you refer to between the ram of the two patents recited in the claim?

A. Yes, I think they are if we will just continue.

Q. "Cooperating means carried wholly by the ram and the base and driven from the shaft for forming and cutting elements from the member and attaching the elements to the tape"?

A. Now, I don't find that in Poux. I don't find those means in Poux. There is nothing carried by the ram of Poux that has anything to do with either cutting or closing the legs of the element on the tape.

Q. Not on the ram, but the claim recites the ram and the base.

A. Yes, wholly on the ram and the base. But the ram and the base of the Silberman patent are different in structure, they are different in operation, and there is a different result obtained. As I have pointed out many times, during the down stroke of the ram in Silberman, all of the operations are performed, a completely different organization; whereas in Poux the ram is in its upper position when other phases of the operation take place. For example, after the ram has left the rod moving to its upper limit of movement, the rod must be advanced, the cutters must work, the closing jaws must work, and [222] the green tape must be fed.

(Testimony of William A. Doble.)

That takes place independently of any movement or any element carried by the ram. Whereas in Silberman the ram causes the manufacture of the element, it causes the element to be cut off, it carries the cutter. In the Poux patent the ram doesn't carry a cutter. And, as I say, it forms an element, that is in Silberman, it cuts it off, and it causes the operation of the closing jaws to close the element on the tape.

Now, that is entirely a different organization of elements, operation, and result. With this Silberman structure we get a very high speed commercial machine. With Poux you couldn't run it fast and have it at all operative. [223]

Q. You state among other things, that the work or strip is progressed in accordance with Poux while the head 14 is raised. Is that not also true of Silberman?

A. Yes, that is true of Silberman.

The rams have to be raised to release the punches from the strip.

Q. Does not the vertically moving head of Poux and the ram of Silberman carry the tool for forming half of the projection and recess shape?

A. Yes, that is true.

Q. Does not the ram or head of Poux and that of Silberman form the element completely with the exception of the severing mechanism?

A. May I have that question read?

(Question read.)

The Witness: Well, I don't like to quibble with

(Testimony of William A. Doble.)

you on this, but there is such a difference. For example, the head 14 of Poux carries a keyhole punch. That is not found in this Silberman patent.

The Court: That wasn't the question. Read the question again, Mr. Reporter.

(Question read as follows: "Q. Does not the ram or head of Poux and that of Silberman form the element completely with the exception of the severing mechanism?") [224]

The Witness: I will have to answer that this way. Yes, as far as Poux is concerned it does form the element. But in the Silberman patent the element is not only formed by the ram but is also cut off by the ram.

Q. (By Mr. Mockabee): I said with the exception of the cutter.

A. Well, you have the cutting means, operating means carried by the ram so you just can't forget it. It is there.

Q. All right. Is it not true you have Silberman as well as Poux who claim that the jaw closing members are not carried by the ram?

A. That is true. They are both slidably mounted on the base.

Q. So that in neither case are all of the elements necessary for forming and severing and attaching one slide fastener element to the tape carried by the ram?

A. No; they are carried by the ram and the base. They are not all carried by the ram.

Q. From your knowledge of the prior art is it

(Testimony of William A. Doble.)

old to have a cutter on the ram with regard to the Silberman patent date?

A. No, pardon me. I would say it is new in relation to Silberman because he is not only manufacturing his element, but he is cutting it off and applying it or at least he is applying it and cutting it off in a very limited area of space. [225]

It is true there are cutter-offers in the art but it is not true for example in Poux, that you have a vertical cutting element.

It couldn't work if you put a vertical cutting element on Poux and mounted it on the ram. It wouldn't work.

The Court: Well, just remember that remark and we will show you are wrong a little later.

I want you to remember what you just said.

The Witness: Yes, your Honor.

The Court: All right. Go ahead.

The Witness: And I can say why it wouldn't work.

The Court: We will take that up later.

Q. (By Mr. Mockabee): But we do have this in common, do we not, between Poux and Silberman, that is discounting the cutter, the tools for forming the elements are carried by the ram in each case, is that not true?

A. Yes, that is true.

Q. And you have just stated that cutters carried by the ram are old with regard to Silberman?

A. No, not with regard to Silberman. I will say that there are cutters mounted on rams which oper-

(Testimony of William A. Doble.)

ate to cut off material but that organization is entirely different from the structure you have in Silberman.

The Court: Are you at a good stopping point? I mean for me to interrupt?

Mr. Mockabee: Yes.

The Court: Now, Mr. Witness, what I have in mind is this. I have to make a few assumptions here. We will take the Poux patent, patent '017 and let us first assume that instead of putting this keyhole or this hole through there which is shown by 19 in Figure 5—do you follow me?

The Witness: Yes, sir.

The Court: That we put a much larger hole through there and make it generally round in character if you want to—it wouldn't make much difference, but a much bigger hole which as I have drawn on the bottom here would leave a little leg on either side if there was a later cutting action—a hole immediately forward of the raised—a hole punched in it immediately forward of 17 which is the—what do you call it?

The Witness: That is the guide—the die that forms the head.

The Court: The recess and projection?

The Witness: Recess and projection.

The Court: That is the recess and projection. And instead of the keyhole shape being punched as in 20 in Figure 2, a much bigger hole is punched.

The Witness: Yes, your Honor.

The Court: And supposing you eliminated the

(Testimony of William A. Doble.)

spreader entirely, took the spreader out of the device and take your die [227] 21 which cuts the notches——

The Witness: Yes, sir.

The Court: And instead of having them cut only part way, put a cutter clear across and set that cutter to operate at the forward edge of this big hole that you have punched through the rod——

The Witness: Yes.

The Court: Do you follow me?

The Witness: Yes.

The Court: Then adjust your machine so that the device 28, the clamping jaws, clamp the legs around the fibre 2 at a moment prior to, immediately prior to the descent of the head. Then when your head came down in one stroke it could cut off the first element that already had been formed by other dies that could punch a hole for the next element and by a further die punch or raise a projection on another hole——

The Witness: Yes, sir.

The Court: Couldn't that be done?

The Witness: Well, I think you would have some troubles there, your Honor. For example during that down stroke of the ram you have got to also operate your closing dies and the patent defines that the clamping dies are operated while the ram is not moving.

I believe you would have some reorganizing to do. I believe you would have to reorganize your whole ram to move those parts closer. [228]

(Testimony of William A. Doble.)

The Court: Those are mechanical problems.

The Witness: When you go to make a machine that runs at 2,000 revolutions per minute all of those are critical problems, your Honor. It looks easy now that we have seen what Silberman did but as I have said the art struggled for 13 years to get a successful machine to operate on this method.

Many attempts were made, as the evidence will show, to do just what you are talking about but nobody got there until Silberman came along and showed the way.

Now, we can look back and say, "Sure, it is easy."

The Court: All right.

Q. (By Mr. Mockabee): Mr. Doble, yesterday I believe you testified that vertical cutters in this art were known prior to Silberman or Poux, is that true?

A. That is true.

Q. Upon what were those cutters mounted?

A. Those cutters—I don't know what ones you are referring to so maybe if you could show me what you have in mind I could tell you.

Q. Well, take a cutter for cutting an element from the strip of stock.

A. Well, have you a patent you could show me?

The Court: Well, what you are getting at is, that they were mounted on some kind of a head, most of them? [229]

The Witness: Yes, most of them were mounted on a head. They would reciprocate and cut metal.

(Testimony of William A. Doble.)

Q. (By Mr. Mockabee): To sever the metal from the stock?

A. That is true. And in those cases the element was free—it wasn't applied to a tape. At that time when it was cut it was not applied to a tape so it is a different story that you have here in Silberman where you are cutting it and applying it at the same time.

It is an old element in the art. You can find screws and bolts in the art but to bring them into a particular combination which will do something new and different you get 2 and 2 makes 16 here where otherwise you don't have anything. You get a new result by bringing these elements together.

Now, that is not in the art. The first time it appears in the art is in the Silberman patent, unless you have art that I don't know anything about and if you have I would like to see it.

Q. You speak of different arrangements on the part of Silberman which are not disclosed by Poux.

Are these specifically different features set forth in claim 1 of the Silberman patent?

A. Yes. Well, they are set forth broadly in claim 1.

Q. Broadly enough to include the structure in Poux?

A. No, I don't believe so, because it doesn't comply with the definition of Poux. [230]

Q. In what manner does Silberman limit himself in claim 1 to distinguish it from the disclosures in Poux?

(Testimony of William A. Doble.)

A. In the matter of the entire definition — “Mean immediately at that position for performing all operations upon the fed member to form slide fastener elements from the fed member and to attach the elements to the fed tape directly from the fed member” and now he is going to specifically define what they include. “A base.” Of course Poux has a base. “The shaft carried by the base.”

Poux has some operating means.

“A ram, and co-operating means carried wholly by the ram and the base and driven from the shaft for forming the cutting elements from the member and attaching the elements to the tape.”

Now, in defining that last portion he is defining the relationship of those elements carried by the ram and the base and the co-operative relationship of those particular elements in forming, cutting or forming, applying and cutting the elements from the tape or from the strip and applying it to the tape.

Q. Does he recite a co-operative relationship between them or merely state that they are carried by the ram and the base?

A. Well, that defines the co-operative relationship when you turn to the specifications in the patent and the drawings. [231] That is the only means he has of operating the cutting member, the ram, and the co-operation between the ram and the cutting member and the ram and the closing member.

The only co-operation you have is between the ram and those members, either on the ram or base.

(Testimony of William A. Doble.)

The Court: You are getting a lot of words in here. Actually in both Poux and Silberman, '793, there is co-operating means between the ram and the base which will bring about the result, is there not?

The Witness: No, sir. They bring about a portion of the results. That co-operation forms the projections, forms the keyhole slot. It slices the little slices out of the side of the bar and it spreads the jaws but there is no co-operative relationship between the ram and the cutter and the ram and the closing dies or closing the elements on the tape.

The Court: The fact that the ram is out of position at a moment when the cutting goes on isn't that co-operation?

The Witness: No, I don't think it is in the sense that the patentee means, your Honor, because there is a very definite definition of what he means by "co-operation."

Q. (By Mr. Mockabee): Now, the patentee describes in detail the structure shown in Silberman?

A. Yes, sir.

Q. But is it not a fact that these structural differences are not set forth in claim 1 with the exception of the [232] fact that in Poux the cutter is carried by the base whereas in Silberman it is carried by the ram?

A. And the distinction that the closing jaws are not related to the operation, the direct movement of the ram.

Q. In which patent?

(Testimony of William A. Doble.)

it doesn't say how much is on the base and how much is on the ram.

The Witness: That is correct.

The Court: And "driven from a shaft for forming and cutting elements from the tape."

The Witness: From the member, your Honor.

The Court: From the member and "attaching the element to the tape."

That language as it stands seems to me to be broad enough to cover either Poux or Silberman.

Mr. Leonard S. Lyon: Well, I think the language is a little ambiguous at that point, but if you wanted to go on from there, if you look at claim 2 I think you will find the ambiguity completely cured in line 16 which says:

"Co-operating means carried by the ram and the base [235] and actuated entirely by the ram for forming and cutting elements from the members."

There it says "actuated entirely by the ram for cutting," and if there was an ambiguity in one claim I think it is cured in the second claim, your Honor.

The Court: All right. There is a big difference in my opinion between claims 1 and 2 in that respect.

Tell me just as a matter of information. You have got claim 1 here that is as broad as a barn and you have got claim 40 which, for example, is much more specific.

These broad claims are frowned upon ordinarily by the courts, claims that are as broad as claim 1.

No. 15714

United States
Court of Appeals
for the Ninth Circuit

TALON, INC.,

Appellant,

vs.

UNION SLIDE FASTENER, INC.,

Appellee.

UNION SLIDE FASTENER, INC.,

Appellant,

vs.

TALON, INC.,

Appellee.

Transcript of Record

In Five Volumes

VOLUME II.

(Pages 401 to 800, inclusive)

Appeal from the United States District Court for the
Southern District of California,
Central Division

FILED

MAR 12 1958

PAUL P. O'BRIEN, Clerk

Phillips & Van Orden Co., Fourth and Berry Sts., San Francisco, Calif. —3-5-58



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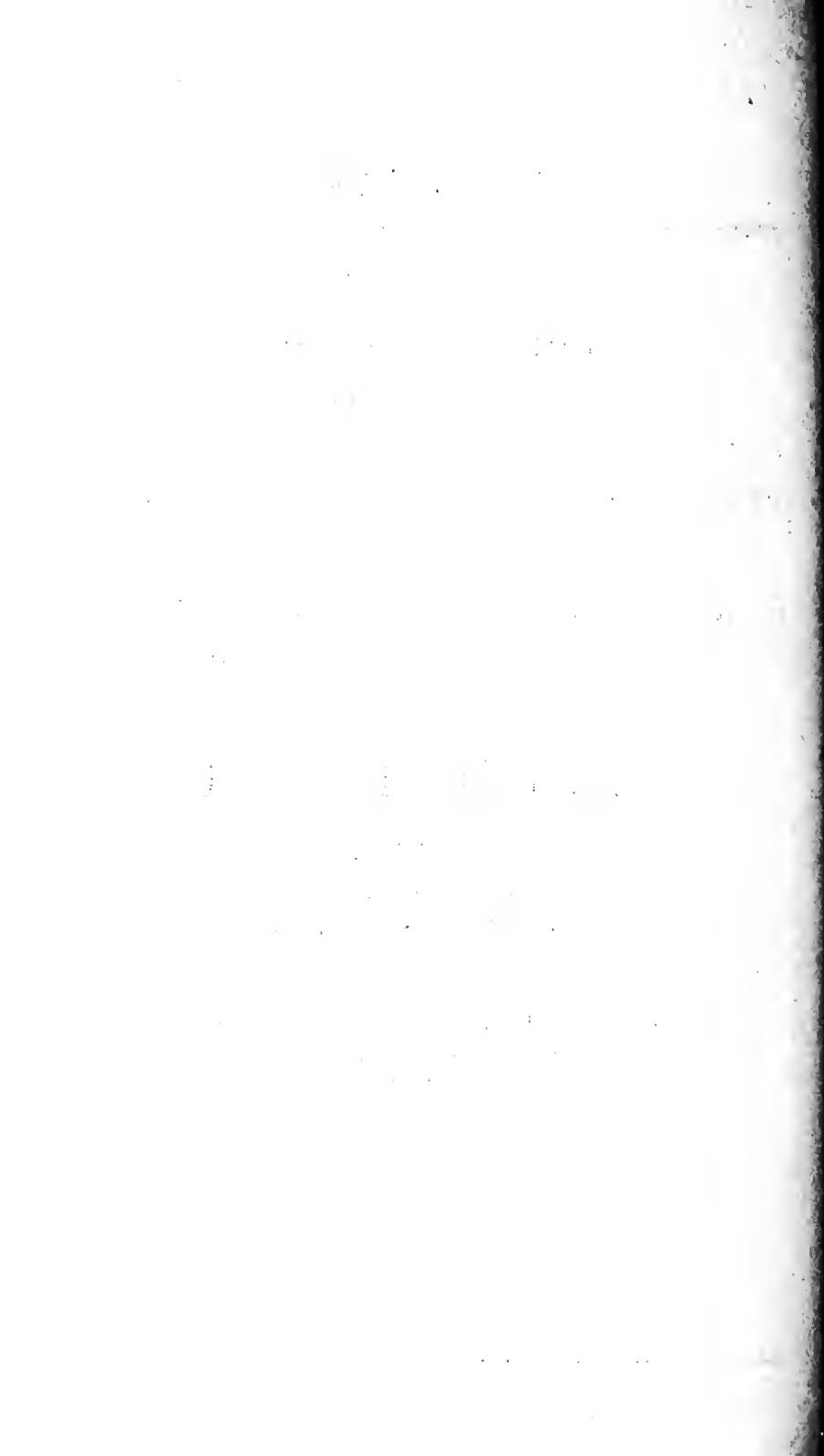
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(Testimony of William A. Doble.)

Mr. Leonard S. Lyon: Well, it is perfectly consistent with the attitude of many courts to sustain some narrow claims and hold that some of the claims in the patent are too broad.

The Court: Are you contending that claim No. 1 is your broadest claim?

Mr. Leonard S. Lyon: I think so.

The Court: Are you contending it is good?

Mr. Leonard S. Lyon: I contend it is good if it is limited by construction to what claim 2 calls for.

I think if you read it the way your Honor read it just a moment ago it is too broad, but I think it is ambiguous and should be read in the light of the specifications and [236] then it becomes no broader than claim 2.

If you think there is anything inconsistent about that, the way to cure it is to hold claim 1 bad and claim 2 good, which would be perfectly consistent with what is done in lots of patent cases.

The Court: All right, go ahead.

Q. (By Mr. Mockabee): Let us take claim 2, Mr. Doble:

“Means for feeding a tape into a predetermined position.”

Is that not shown in Poux?

A. Yes, sir.

Q. “Means for feeding a metallic member toward that position”? A. Yes, sir.

Q. “Means immediately at that position for performing all operations upon the fed member to form slide fastener elements from the fed member

(Testimony of William A. Doble.)

and to attach the elements to the tape," the forming means including a base which you say Poux must necessarily have? A. Yes, sir.

Q. "A shaft carried by the base"?

A. No, Poux has some operating mechanism. I don't know whether it is a shaft——

The Court: Doesn't Poux talk about the use of a ram?

The Witness: He talked about—— [237]

The Court: I mean——

The Witness: A punch press.

The Court: A punch press?

The Witness: Yes, but they are hydraulic punch presses.

Mr. Leonard S. Lyon: I don't think we are making any point of the shaft, your Honor.

The Court: All right.

Q. (By Mr. Mockabee): A ram?

A. The Poux patent has a ram. It has a different ram from the Silberman ram structurally operationwise and resultwise. [238]

Q. But it has a ram?

A. It has a ram.

Q. It does not have, does it, a pair of eccentrics of small eccentricity spaced apart on the shaft?

A. No, sir.

Q. With the connecting rods from the eccentrics to each side of the ram?

A. The Poux patent does not have the last portion of claim 2 which you have read.

(Testimony of William A. Doble.)

Q. Is that not a common expedient in the punch press art?

A. No, I wouldn't say it is a common expedient in the punch press art. There are sheet metal shearing presses that have used eccentrics and eccentric rods, but I don't know of any punch presses in the zipper art that have used that prior to Mr. Silberman.

Q. Have you studied the patents of record and the histories of the two patents in suit?

A. Yes, sir.

Q. Are there no such assemblies shown?

A. I don't remember any in the zipper art. There are such assemblies shown in cutting, slicing sheet metal.

Q. Do not any of the Sundback patents show eccentrics and connecting rods for operating rams?

A. Do you mean spaced—a pair of them spaced on a shaft? [239]

Q. Any kind.

A. They show some kind of an eccentric and connecting rod, but they don't show a pair of eccentrics with small eccentricity spaced apart on the shaft, as I remember it.

Q. What advance in the art is there in using a pair over a single connecting rod and eccentric?

A. It tends to more accurately actuate the ram during its down stroke and its up stroke. It pulls it down more evenly so you get a more even operation.

(Testimony of William A. Doble.)

Q. Do you consider that a patentable improvement? A. I consider it an improvement.

Q. A patentable improvement?

Mr. Leonard Lyon: By itself?

The Witness: Taken by itself, I wouldn't.

Q. (By Mr. Mockabee): Thus far, except for the eccentrics and connecting rods we have recited substantially what is shown in the patent to Poux, is that not true?

A. No, I don't think we have, because we have only read a portion——

Q. I said as far as we have gone.

A. Yes, but when you read the means immediately at that position for performing all operations, that includes the mechanism of the entire claim, and those means are broken down as the base, the shaft, and things of that nature. And unless [240] you read the entire claim it doesn't mean anything. It is already included broadly in the statement of means immediately at the position for doing such and such.

Q. All right. We will continue with the claim. Next is cooperating means carried by the ram and the base and actuated entirely by the ram for forming and cutting elements from the member and attaching the elements to the tape.

Is there any distinction here between what is claimed and what is shown in the Poux patent?

A. Yes, there certainly is.

Q. What is it?

A. The difference is in the Poux patent the

(Testimony of William A. Doble.)

ram does not carry the means for actuating, as this element says, "and cooperating means carried by the ram and the base and actuated entirely by the ram for forming and cutting elements from the member and attaching the elements to the tape."

Now, as I have pointed out before, in the Poux patent the plunger——

The Court: I understand the point. The difference there is the words "actuated entirely by the ram."

The Witness: Yes. And that is an important feature and an important distinction between these two. It gives you the proper timing of a very high speed machine. And if you don't have that proper timing, you don't make commercially successful fastener stringers. [241]

Q. (By Mr. Mockabee): Are you familiar with Sundback Patent No. 1,331,884, which I shall hereafter refer to as '884?

A. Yes, sir, I have read that patent. I do not have it before me. I have a copy of it.

The Court: Does somebody have a book of patents that they are going to put in evidence so I can follow some of these patents?

Mr. Mockabee: Here is one you can refer to.

The Court: All right. Counsel has a copy of it here.

The Witness: I have the Sundback patent '884 before me, and I have just noted the dates thereon, and I believe this morning I said that this patent was prior to the Poux patent, and in checking the

(Testimony of William A. Doble.)

date I find that it came after the Poux patent, so my testimony this morning was in error in regard to including this Sundback patent as being prior to the Poux patent '017.

Mr. Mockabee: I'm afraid you are wrong.

Mr. Leonard Lyon: You are looking at the wrong patent.

The Court: '884 was issued February 24, 1920.

The Witness: Yes, this is prior to the Poux patent.

Q. (By Mr. Mockabee): Does the Sundback patent '884 contain an eccentric on a shaft and a connecting rod for actuating a ram?

A. Yes, sir. [242]

Q. And it also has a base, of course?

A. Yes, sir.

Q. Does it have means mounted on the ram for forming a slide fastener element?

A. Yes, sir.

Q. Does it have means on the ram for severing the element from the stock? If you refer to Fig. 4 and punch 22, and the description of it.

A. Yes—what was the question, please now?

Q. Does it have means carried by the ram for severing elements from the stock?

A. Yes, sir, it has means, but in this case the means punch an element out of a relatively wide ribbon, and in doing so do form a partially completed element. It is not a fully completed element.

Q. That severs the material of the element from the stock, however, does it not?

(Testimony of William A. Doble.)

A. Yes, sir, entirely from the stock.

Q. Does Sundback's '884 disclose cooperating means carried by the ram and the base and actuated entirely by the ram for forming and cutting elements from the member and attaching the elements to the tape?

A. It includes cooperating means, first, for punching out of a relatively broad metal strip 1, a partially formed element; then that element is pushed back into the opening [243] from which it was punched out. Then the next step is to punch out a bit of scrap material between the forward end of the jaws, so as to provide the opening between the jaws.

Those things take place during the time the element is progressed with the tape from which it was punched. The element has then the projections and depressions formed on it, and then there are a pair of jaws for actuating on the side of the strip 1 to press the strip 1 inwardly and thereby clamp the legs of the element onto the tape. The element has previously been cut, as I pointed out, from the strip, and therefore is not cut from the strip at the location at which it is mounted upon the tape. The closing wedges are actuated during the stroke of the ram.

Q. You have explained the specific distinctions or some of them, at least, between Sundback's '884 and claim 2 of Silberman. Is it not true, however, that Sundback discloses cooperating means carried by the ram and the base and operated or actuated

(Testimony of William A. Doble.)

entirely by the ram for forming and cutting the elements from the member and attaching those elements to the tape, regardless of the order in which they are done?

A. I wonder if I could have my own patent. I have it marked up so that I could read it a little better than this one.

Q. Surely.

A. Now may I have the question read, your Honor, please? [244]

The Court: Yes.

(The question referred to was read by the reporter, as follows: "Q. You have explained the specific distinctions or some of them, at least, between Sundback's '884 and claim 2 of Silberman. Is it not true, however, that Sundback discloses cooperating means carried by the ram and the base and operated or actuated entirely by the ram for forming and cutting the elements from the member and attaching those elements to the tape, regardless of the order in which they are done?")

The Witness: I would say no, that that is not found in the Sundback patent '884, because the element is not cut from the metal strip or blank 1 at the time that element is fastened onto the tape.

Q. (By Mr. Mockabee): Is that required by claim 2? A. Yes, I believe it is.

Q. Read from claim 2 where that particular function is required.

A. "and cooperating means carried by the ram

(Testimony of William A. Doble.)

and the base and actuated entirely by the ram for forming and cutting elements from the member and attaching the elements to the tape.”

The operation of cutting and attaching are simultaneously on that particular element that is being cut, in the Silberman construction; whereas that is not true in the Sundback [245] patent '884.

Q. Does the claim state that any of these operations shall be simultaneously performed by mechanism which is actuated simultaneously?

A. Well, that is the way I would understand the reading of that particular portion of the claim, knowing the Silberman structure, knowing the specification, and the reasons why he wants that particular organization of parts. So in reading the claim that is immediately the teaching that it gives to me.

Q. But it is not so stated in the claim?

A. Well, to me it is stated in the claim.

The Court: We are just quibbling. It is not there in so many words, and you read it into it by your interpretation, is that it?

The Witness: That is right. That is correct, your Honor.

The Court: All right.

Do you attach any significance in 2 to the language, “and means immediately at that position for performing all operations”? You heretofore said “immediately” meant in the general vicinity, and so forth.

The Witness: That is correct.

(Testimony of William A. Doble.)

The Court: Well, Sundback would have that done in the same vicinity, would it not?

The Witness: He would have it done in the same vicinity. [246] But in cutting them free of a strip many stations back, he has loose elements that are retained in little pockets in a broader strip, and the little elements are awfully tough to keep control of. He has lost control of that element immediately that he cuts it out of the strip.

That is what Mr. Silberman didn't do. He followed Poux on it.

The Court: That is your view on it, but that doesn't have anything to do with what I asked you about whether "immediately" means immediately at that position to do the various work.

The Witness: I believe it to mean in that limited vicinity.

The Court: Well, do you think Sundback does that in that immediate vicinity?

The Witness: No, sir, it does not. It cuts them off and loses control of them before he gets them to the position where he wants to clamp the legs on the tape.

Q. (By Mr. Mockabee): Does not Poux have that formation in the immediate vicinity?

A. Yes, he does. And it is the teaching of the method of the Poux patent that Silberman applied in his machine that made it successful.

Q. The apparatus of Poux for forming the elements is located in that immediate vicinity, is it not, and is so shown [247] in the patent?

(Testimony of William A. Doble.)

A. Yes, sir, it is.

Q. Refer to claim 40 of Silberman. Is it true that this claim contains substantially the general organization of claim 2 with the exception that it does not call for the eccentrics and connecting rods, and it does go more into the element closing jaws and their operating means? A. That is true.

The Court: Read that question and answer.

(Question and answer read by reporter.)

Q. (By Mr. Mockabee): Relative to the closing jaws and their operating means. What in your opinion is the patentability distinction between what is claimed in claim 40 and what is shown in Poux?

A. A patentable distinction I believe is the operating of the closing jaws during the down stroke of the ram so that two things are obtained.

One is that the metal strip on which the element is still attached is securely grabbed so you have it in close register.

The next thing is that during that down stroke of the ram the two closing jaws act to close the legs of the element about the tape so that you get the accurate location of the element on the tape while the strip from which the element is made is firmly clamped in a vise-like action to hold it in position, which is very essential in a high speed operation.

Now, operating the closing jaws from the ram eliminates a long chain of mechanism and makes the operation in very close time relation during the down stroke of the ram, which is only a $\frac{1}{8}$ th of an

(Testimony of William A. Doble.)

inch. You have to do all these things in $\frac{1}{8}$ th of an inch.

You have to close the jaws. You have to cut it off—that is close the jaws on the element and cut it off all in one-eighth of an inch. You don't have very much leeway.

Q. Now, the claim recites a pair of jaws on the base. Is that not true of Poux? [249]

A. Yes, that is true of Poux.

Q. And means on the ram for engaging the jaws to drive them into engagement with the element to close it? A. That I do not find in Poux.

Q. But we do find that in Silberman—in Sundback, '884, do we not?

A. No, we do not. We find means operated by the ram in '884, for engaging the side of the strip from which the element had been blanked and then put back into the strip.

The engaging elements do not directly engage the legs of the element as they do in the Silberman patent.

Q. But they are actuated by actuating means on the ram, are they not?

A. Yes, they are.

Q. The end result of the operation of the apparatus disclosed in Sundback is to close the jaws on the tape, is that not true?

A. That is one of the end results. You want to remember——

Q. I meant the jaw closing mechanism.

A. Yes, the jaw closing mechanism wants to

(Testimony of William A. Doble.)

operate to clamp the legs of the element onto the tape but it wants to clamp them on there with the element in a particular position.

Now, with the '88 patent, permitting a little element [250] to be carried along in a pocket in the tape, you have lost the necessary control which is very desirable.

The Court: Mr. Witness, you keep arguing the case. Judge Harrison says that expert witnesses he considers to be associate counsel.

I don't know but what that is about right in most cases.

The specific question was asked you and if you have to make an admission make it. This particular question was whether or not the purpose of the jaws in their operation in Sundback, was not to cause the legs of the element to close on the fabric?

The Witness: Was to close it?

The Court: He asked you if that wasn't the purpose.

The Witness: Yes.

The Court: And the answer is obviously yes.

The Witness: Yes.

The Court: But then you give me an argument why it doesn't work so well.

That is something that can be argued by counsel or asked you by counsel on redirect examination.

But it seems to me that an answer like that is obviously "yes" because he asked the purpose of it.

Now, I don't know of any other purpose that those jaws would have in Sundback, do you?

(Testimony of William A. Doble.)

The Witness: No, that is their purpose, your Honor. I [251] am sorry I was argumentative.

The Court: Don't take any offense at that.

The Witness: I didn't mean to be argumentative.

The Court: Don't take any offense because as counsel know I am inclined to be sort of outspoken which doesn't mean very much.

The Witness: I appreciate that, your Honor.

The Court: I am simply telling you what I am thinking about and then you can shoot at it.

I think an expert witness is of real assistance to a court in explaining how things operate so the court can understand the operation.

Of course legally, when we come to the question of whether it is novelty or patentable, a witness shouldn't even be permitted to testify on that.

So, somewhere in between what you can't do and what you clearly should do, namely, explaining the operation of the device and other matters which counsel ask you about is an undetermined area.

We will take our recess at this time. This is tedious work and we have been at it since 1:30.

Does counsel have anything to say before we adjourn? Did you have something, Mr. Lyon?

Mr. Leonard S. Lyon: No, your Honor. I was interested in your views of the province of an expert witness because [252] there is always a twilight zone.

Some judges let an expert invade that twilight zone further than some others do.

(Testimony of William A. Doble.)

The Court: When they invade it with me I don't pay any attention to them. It is a difficult thing, certainly. A witness can and should explain how something works. That is the first thing he should do. And then he has a right to give his opinion on the workability and so forth of a machine.

I have asked questions as to whether this was the work of a mechanic or whether in the alternative it would be invention, which is really not a proper question because that is what I have to decide.

Mr. Leonard S. Lyon: They shouldn't argue the case, I agree with you on that, but when you depart from testimony and get into argument in a situation like this——

The Court: It is hard to determine. I would like to see counsel in chambers for a minute before you leave tonight, just informally.

We will take a recess until 9:30 tomorrow morning.

(Whereupon, at 4:20 o'clock p.m. a recess was had until 9:30 o'clock a.m. Thursday, March 3, 1955.) [253]

Thursday, March 3, 1955, 9:30 a.m.

The Court: Call the case.

The Clerk: No. 10450-C Civil, Talon vs. Union Slide. Further trial.

Mr. Mockabee: If the court please, a copy of that memorandum to the court regarding settlement has just been received by counsel and defendant,

and we have not had an opportunity even to read it at this time.

The Court: All right.

Mr. Mockabee: Counsel would like to make just a few remarks at the present time, because of the apparent weight which has been placed upon the importance in the industry of the Silberman patent '793.

It is the firm conviction of defendant that Silberman is not the inventor of the patent in suit; that it was not the product of his ingenuity, and patentable or not, was the results of the efforts of one John T. Havekost of Long Island, New York, whose deposition is in this case.

There is also a release or assignment from Havekost to Silberman, which is not as claimed by the plaintiff a statement that Havekost was not the inventor, but is an assignment of what patent rights Havekost had to Silberman, which is not a disclaimer of invention on the part of Havekost.

The Court: If that were true, the Silberman patent would [256] be void?

Mr. Mockabee: Yes, sir.

The Court: Because it wasn't prosecuted under the name of the assignee, but by Silberman?

Mr. Mockabee: Yes, sir.

The Court: Is that the way you understand the law?

Mr. Mockabee: Yes, sir.

I have here a printed copy of an unreported case, a certified copy of which is being prepared and sent from the Southern District of New York, civil

action file No. 9-197, Conmar Products Corporation vs. Lamar Slide Fastener Corporation and David Silberman. This is a copy of the interlocutory decree rendered by Judge Woolsey, United States District Judge for the Southern District of New York, December 18, 1942. Suit was brought by Conmar against Lamar and Silberman for the infringement of certain Wintriss and Ulrich patents, and the court found that the defendant Silberman had appropriated trade secrets of the plaintiff, had hired former employees of the plaintiff to produce a machine which apparently was, according to its exact specifications, a duplicate of plaintiff's machine. [257]

The court further stated:

"Where the testimony conflicts with the foregoing findings, I have no hesitation whatever, in saying that I do not believe the testimony of the defendant David Silberman, the testimony on deposition of Henry Tibony or the testimony of Abe Ernest.

"I also think that Mr. Silberman has been conclusively established by the evidence here to be one of the most notable commercial pirates that has ever come before me."

In view of this finding of the Federal District Court there does not appear to be merely a little justification for defendant's claim that the Silberman patent in suit was not his invention in view of the supporting deposition of John Havekost, it is the alleged invention which was borrowed from Havekost and the prior art which defendant main-

tains is the so-called Silberman patent and that it is definitely invalid.

The decision of Judge Woolsey just referred to recites acts supporting his final statement that I quoted.

Over a period of approximately from 1937 to 1941, four years, which was during the 13-year period which plaintiff maintains was the period during which all this effort was produced to arrive at an apparatus which would successfully carry out the product of Poux, it would seem that the activities of Silberman during the years 1937 to 1941 would indicate that he was doing something else rather than studiously applying [258] himself to the problem of the Poux method.

The Court: I take it this is not evidence but sort of an opening statement as to your position, in order that we might know what you are shooting at as we proceed.

Mr. Mockabee: Not entirely, your Honor. I did it because the witness, Mr. Doble, has so repeatedly stated that the Silberman invention was such a world-shaking advance in the zipper art as produced by Silberman.

The Court: But this matter that has gone into the record can only be treated as sort of an opening statement. It is a little out of order.

Mr. Mockabee: Yes, I realize that but I wanted to say it at this time because of the repeated representations of the importance and value of the Silberman patent by the witness on the stand.

The Court: It would be understood that this was

just an opening statement made now instead of at the beginning of the case.

Mr. Mockabee: Yes.

The Court: Is that satisfactory?

Mr. Leonard S. Lyon: Yes, your Honor.

I might say that we have every reason to believe that Silberman was the inventor and we paid him accordingly.

We have evidence to meet any evidence that is put in the case to the contrary. Of course, the burden is on the [259] defendant to prove that Silberman was not the inventor and we will be prepared to meet any evidence they have.

And I might say that we don't have to depend on Mr. Silberman's veracity because we are in a position of having knowledge of this Havekost matter and did so at the time it went on.

We have Mr. Silberman's patent attorney here, who prepared the patent application for the Silberman patent, and he is in a position to meet any testimony that the defendant may have based on Mr. Havekost's claim.

The Court: All right. There is no evidence of any kind in this record so far concerning the statement of counsel.

Mr. Mockabee: That is correct.

The Court: Proceed.

WILLIAM A. DOBLE

a witness called by the plaintiff, having been previously sworn, resumed the stand and testified further as follows:

(Testimony of William A. Doble.)

Cross Examination—(Continued)

Q. (By Mr. Mockabee): Mr. Doble, I hand you three zipper chains which I shall mark a little more definitely but——

The Court: Let us mark them now for identification.

The Clerk: Defendant's Exhibits A, B and C.

(The objects referred to were marked Defendant's Exhibits A, B, and C for identification.) [260]

Mr. Mockabee: I have marked them A, B and C.

The Clerk: I will put tags on them later.

Q. (By Mr. Mockabee): The zipper chain I hand you now marked Exhibit A for identification, I will ask you if you can tell me on what type of machine it was made?

A. I am not sure that I can tell which type of machine this chain, Exhibit A, was made on.

Q. I hand you another strip or chain and ask you if you can identify the type of machine upon which that was made?

The Court: That is Exhibit B?

Mr. Mockabee: Marked Exhibit B for identification. [261]

Mr. Leonard Lyon: If the court please, I think we are wasting time. Whether the witness can tell from examining here in the court room what machine one of these zipper strings was made on, I don't think, is relevant or material to the action. I assume there are no tricks in it, but it is taking a lot of time.

(Testimony of William A. Doble.)

The Court: I think so, too.

If you are doing this to test the ability or the qualifications of this man as an expert, ordinarily an expert would want to probably make a study, use enlarging devices, and so forth. If you want to let him look at them and question him later, all right, but I think we are wasting time.

Mr. Mockabee: All right. But if he examines them, I would rather have him examine them only in the court room.

The Court: You have looked over B; can you say as to B?

The Witness: I can't say as to B, but I will say they were made on different machines. The formation of the zippers is different.

Mr. Mockabee: That will be all, then.

The Court: Let me see them.

(Exhibits handed to the court.)

The Court: Proceed.

Q. (By Mr. Mockabee): Mr. Doble, in the manufacture of zipper elements and applying them to a tape, is it not true [262] that it is necessary that they be applied in such a manner that they are aligned on one tape, rather exactly in the same plane, and also aligned and spaced so that they will exactly meet complementary elements on an adjacent strip? A. Yes, sir, that is true.

Q. And this requires a very fine and accurate control of the element, particularly during its final stages of formation and securing to the strip, is that correct? A. That is correct.

(Testimony of William A. Doble.)

Q. Have you carefully examined the machine, Defendant's Exhibit 5?

A. I have examined Plaintiff's Exhibit 5—

Q. Plaintiff's, I beg your pardon.

A. There are parts of it that cannot be examined very closely. That is, the shape of the dies and punches are hard to get at to see their particular form.

Q. Do you know whether Plaintiff's Exhibit 5, then, is an embodiment of the invention of the Silberman patent?

A. Yes, sir, I do.

Q. How can you tell without having carefully examined it?

A. Because when I was at the Wilson plant in Cleveland, the dies from one of the machines was taken apart and we examined them at the plant.

Q. Not this machine, though, however? [263]

A. I don't know that the dies were from this machine.

Q. Then, you cannot identify Exhibit 5 as an exemplification of the Silberman patent?

A. Yes, I can.

Q. You just said you didn't know.

A. Well, I don't know the exact detail—

Mr. Leonard Lyon: If your Honor please, I object to counsel arguing with the witness, because that starts the witness arguing, and then we are off in a field we shouldn't be in.

The Court: All right.

How do you know?

The Witness: I can see enough of it to see that

(Testimony of William A. Doble.)

it closely resembles the punches and dies which I have examined closely, separated from the machine.

The Court: Well, you also looked at drawings, did you not?

The Witness: Yes, sir.

The Court: And sketches?

The Witness: Yes, sir.

The Court: Blueprints?

The Witness: Not blueprints of Plaintiff's machine, your Honor. I have examined the actual parts of the machine, and I have examined the drawings of the patent.

The Court: Didn't Mr. Lipson submit some sketches and [264] drawings of the accused device?

The Witness: Of the accused device, yes, sir, your Honor, I have examined the machine.

The Court: Weren't you talking about the accused device?

Mr. Mockabee: I was speaking of Plaintiff's Exhibit 5 in Judge Hall's court, the machine we have here.

The Court: That is a plaintiff's machine?

Mr. Mockabee: Yes, sir.

The Court: I see. All right. Go ahead.

Q. (By Mr. Mockabee): I hand you a die punch to be marked——

The Court: It will be marked D for identification.

(The exhibit referred to was marked Defendant's Exhibit D for identification.)

Q. (By Mr. Mockabee): ——D for identifica-

(Testimony of William A. Doble.)

tion, and ask you if that is the type of punch which is used in the Silberman machine.

A. It is the type of punch. It differs in having the notch cutting die parts in it.

Q. They are not present in the Silberman machine? A. No, sir, they are not.

The Court: When you talk about the Silberman machine, what do you mean—a machine built pursuant to the Silberman patents? [265]

Mr. Mockabee: I wasn't clear there. I was going to ask him both.

Q. The Silberman machine of the patent.

A. The Silberman machine of the patent does not have the side cutting punches or dies. It cuts the little notch out as shown in Plaintiff's Exhibit 4, plate 3.

The Court: I still am in doubt. When you talk about the Silberman machine of the patent, do you mean if a machine were built pursuant to the patent—is that what you are talking about?

Mr. Mockabee: Disclosed in the patent.

The Court: As disclosed in the patent? Is that what you are talking about?

The Witness: Yes.

The Court: We have no machine that has been built pursuant to the patent, do we?

The Witness: Not in court, your Honor. As I understand it, there have been machines built identical to the Silberman. In fact, the drawings in the patent were made from an actual machine.

The Court: But the machine that is Exhibit 5

(Testimony of William A. Doble.)

that we saw in Judge Hall's court, there has been no identification of it that I know of except that it is one of plaintiff's machines. Is that machine supposed to have been built pursuant to the disclosures of the Silberman patent? [266]

The Witness: It was built, your Honor, and includes the essence of the invention, and the arrangement of the dies, the cut-off, and the mode of operation, it includes the inventive concept of the Silberman patent. Structurally there are some differences. For example, they have the parallelogram of springs for supporting the ram, instead of guides for supporting the ram during its reciprocation.

Mr. Mockabee: Your Honor, I don't think that the witness has shown that he has any knowledge of his own as to what machines were built and how they were built. He has seen this machine in court. He doesn't know that machines were built and the patent drawings made of them from his own personal knowledge, from anything that I have heard.

The Court: Well, it will go to the weight of his opinion.

Q. (By Mr. Mockabee): Mr. Doble, is a die punch of that type used in defendant's machines?

A. Yes, sir, it is.

Q. But it is not disclosed in the patent, is that true?

A. Well, the punch is disclosed in the patent.

Q. Of that type?

A. Well, I would say of this type, but there is

(Testimony of William A. Doble.)

a slight addition, an additional cutting surface formed on this particular die. [267]

Q. To produce what?

A. To produce the side cuts in the metallic strip.

Q. You think that the side cuts, then, are slight changes in the machine and the operation?

A. Yes, they are. The machine works just as well whether you have them or don't have them, as far as the machine operation is concerned.

Q. Is the tape tensioner of defendant's machine the same as that disclosed in the Silberman patent?

A. There are two tensioners. Do you mean the one below——

Q. The one below the point where the elements are attached.

A. Yes, sir, they appear to be practically the same.

Q. What in the Silberman machine, Exhibit 5, is present to maintain the end element in its proper position preparatory to being applied to the tape at the moment it is cut off from the strip of stock?

A. At the moment it is cut off it is already securely fastened to the tape and no longer needs any supporting means. But just at the instant it is finishing the cutting action it is still supported by the handle, as well as being supported and positioned by its engagement with the tape.

Q. Is there not a tendency in cutting off a piece of metal of that type for the free end to rise where the cut is [268] vertically downward?

(Testimony of William A. Doble.)

A. Yes, sir, there is a tendency, such a tendency.

Q. And the tape is flexible, is it not?

A. The tape is flexible, held under tension.

The Court: You are talking about the strip or the tape?

Mr. Mockabee: The tape upon which the element is applied.

The Court: All right.

Mr. Mockabee: The woven cloth tape.

The Court: All right.

Q. (By Mr. Mockabee): And the strip is somewhat resilient, isn't it?

A. The strip, you mean——

Q. Lengthwise.

A. I don't understand. You mean the piece of metal?

Q. The strip has stretch?

A. Do you mean the tape or the strip?

Q. Pardon me. The cloth tape.

A. The cloth tape can be stretched under sufficient pull.

Q. Is there anything in Exhibit 5 which positively holds the element as it is being cut, other than the flexible tape?

A. Yes. The handle portion of the metallic strip is being held by the cutting die and by the head forming die, and [269] the flat surface of the cutting die tends to hold the element in its position during the cutting and attaching operation.

Q. What flat surface of the cutting element?

(Testimony of William A. Doble.)

A. The flat top surface of the cutting die against which the element is being cut.

Q. Does that bear down against the flat surface of the element?

A. No, but the punch of the cutting element bears down upon the element at that point and the surface, the cutting surface of the die, is circular so that the pressing down effects a curve which would tend to hold that element down flat on the top surface of the cutting die.

Q. But there is still a free end which is the end opposite to that from which the element is being cut from the handle or rod or strip, is that not true?

A. The legs of the element are at that time engaged by the closing jaws and being forced on to the bead of the tape so that they are being clamped on to the tape simultaneously with the cutting operation so that you have not only the force of the closing jaws against the legs of the element but also have the locking engagement of those jaws with the bead of the tape which tends to hold that element in correct register, as well as the force of the cutting punch downwardly to hold the element on the anvil of the cutting die.

Q. And these alone combine to hold the element in its proper position, is that correct?

A. Plus the holding effect of the head forming die to [271] the feed roller side and of the metal strip.

(Testimony of William A. Doble.)

They all co-operate to hold it in alignment during the attaching operation.

Q. Are you aware of any other machines for manufacturing and applying slide fastener elements which are in extensive commercial use other than the Silberman machine?

The Court: By the "Silberman machine" I am still in doubt about this. Do you mean machines that the plaintiff has which the witness said embodies the principles but are not detailed. Just what do you mean?

Mr. Mockabee: Well, I will exemplify it by Plaintiff's Exhibit 5 and Defendant's machines—that type of machine.

The Witness: May I have the question?

The Court: Read the question.

(Question read as follows: "Q. Are you aware of any other machines for manufacturing and applying slide fastener elements which are in extensive commercial use other than the Silberman machine?")

The Witness: I don't quite understand what you mean by "aware."

Q. (By Mr. Mockabee): Do you know of any— A. Do you mean personally?

Q. Yes. A. Observed them? [272]

Q. Yes. A. No, I have not.

Q. You have heard of no other machine?

A. You said "aware of." I asked you if you meant by that to personally see them.

Q. Do you know anything about them? Have

(Testimony of William A. Doble.)

you heard of any other machines? Have you seen any other machines?

A. I have heard discussions.

Q. Have you seen pictures of them or any representation of them?

A. I have heard discussions of other machines. And there are a number of other machines. I don't know just what you mean. Could you make that more clear?

Q. Is the Silberman machine—this Silberman type of machine that we have been speaking of here, is that the only machine on the market for making zippers?

A. Well, first of all I don't know what machines are on the market.

Q. I merely want to know if you know and if you can tell me.

A. I don't know that the machines are on the market. I thought they were usually made by the zipper manufacturers.

Q. In the zipper industry—let me put it that way then.

A. Well, I know of them from having talked about the [273] zipper industry with a number of people associated with that industry.

Q. What machines do you know of?

A. I know of the—now, you mean machines that include the features of the invention or just general machines?

Q. Modern high speed zipper manufacturing machines.

(Testimony of William A. Doble.)

A. Well, the only ones I know of are the Silberman type of machine.

Q. That is the only one? A. Yes, sir.

The Court: And the accused device?

The Witness: Yes, the accused device, your Honor, both of which I have seen in operation and have examined and studied.

Mr. Mockabee: Your Honor, I wonder if plaintiff would mind having some few parts of his Exhibit 5 removed so that I can ask Mr. Doble questions about them?

The Court: The machines in the other courtroom?

Mr. Leonard S. Lyon: We will be glad to cooperate in anything that will be helpful. I don't know how far you can go without a mechanic.

Mr. Mockabee: We won't dig too deeply. I understand Mr. Lipson can do what we want in three or four minutes.

Mr. Leonard S. Lyon: Mr. Lipson is an excellent mechanic. Anything he undertakes to do we will rely on it [274] as being all right.

The Court: Are you near the end of your cross examination?

Mr. Mockabee: Fairly near, your Honor.

The Court: Do you want to do that now or later?

Mr. Mockabee: I would rather do it now if you don't mind. There may be some further questions in connection with that. It will not take very long.

The Court: How do you propose to do this?

(Testimony of William A. Doble.)

Mr. Mockabee: I want to ask Mr. Doble to compare certain parts of Exhibit 5 with the disclosure in the Silberman patent.

The Court: You want to do it right now?

Mr. Mockabee: When it is convenient to the court.

The Court: Well then, we will have to recess and adjourn to the other courtroom, is that right?

Mr. Mockabee: I am afraid we will.

The Court: Do you want the reporter there?

Mr. Mockabee: Yes. This would be testimony, or would it be proper for us to repair to the other courtroom and make the inspection and then come back and have Mr. Doble testify as to it.

There are not a great number of things to go into. Would that be all right, Mr. Doble?

The Witness: Yes, that is all right with me.

The Court: I will do it either way. We will do it right there on the scene if you prefer to do it that way. [275]

Mr. Mockabee: Then we will not need the reporter.

The Court: We will take a recess and go to the other courtroom.

It will take only about five or 10 minutes to take the parts off of the machine that you are interested in.

We will take up that matter in the back part of Judge Hall's courtroom near the machine. You can show the witness what you want him to look

(Testimony of William A. Doble.)

at and then you will be prepared to ask him questions.

Mr. Mockabee: Yes. [276]

Q. (By Mr. Mockabee): Mr. Doble, you have just witnessed the removal of certain parts from Plaintiff's Exhibit 5, a machine which we have called in this proceeding a Silberman type machine.

A. Yes, sir.

Q. I hand you for inspection——

The Court: We will have to identify these as we go along by exhibit numbers.

Mr. Mockabee: These are parts of Exhibit 5.

The Clerk: We can mark them as 5-A, 5-B, 5-C, and so forth. They belong to Exhibit 5.

Mr. Mockabee: There are about five parts.

The Court: My only point is this: We can identify them as we go along, but the clerk will later on have difficulty finding out which is which.

Mr. Leonard Lyon: These parts are not being made separate exhibits?

Mr. Mockabee: I wouldn't think so. They are parts of Exhibit 5. If we could just identify them in some way.

Mr. Leonard Lyon: You had better describe them, I think, because if they got back into the machine there would be no way of finding them unless you describe them.

Mr. Mockabee: I think they can be described.

The Court: You don't want them tagged separately, because you want to put them back in the machine, is that correct? [277]

(Testimony of William A. Doble.)

Mr. Leonard Lyon. Yes.

The Court: Then the witness will describe each one of them as he looks at them, and we will not give them numbers, it being understood they are all parts of Exhibit 5 now in evidence.

Q. (By Mr. Mockabee): I hand you a T-shaped member and ask you if you identify it and its relationship in Plaintiff's Exhibit 5.

The Court: It is approximately 3½ inches long and a little over two inches wide at the T.

The Witness: Yes, sir.

The element which I have in my hand is referred to as the punch block. It is the block in which the cut-off punch and the head forming die are nested for assembly onto the ram of the machine and means provided at the top surface of the block, that is the T surface of the block, upper T surface of the block, for adjusting the position of the punches in this punch holding block.

Q. (By Mr. Mockabee): What is the adjusting means?

A. The adjusting means are Allen type set screws, headless Allen type set screws, which extend down through the T of the block and engage a short filler block, which in turn acts as a stop for positioning the cutting off punch in proper position for actuation.

The Court: When that T-shaped object is in Exhibit 5, [278] it is in the position with the T uppermost?

The Witness: That is right, your Honor.

(Testimony of William A. Doble.)

The Court: And the slot in the stem extending vertically of the T-shaped object is the slot in which the cut-off tool, the punches, and so forth, are inserted?

The Witness: Yes, your Honor, they are nested in it.

Mr. Leonard Lyon: To complete your identification, will you compare that with No. 314 in the Silberman patent?

The Witness: Yes, sir. In Fig. 21, which is the front elevational view of the ram——

The Court: Fig. 21?

The Witness: Yes, Fig. 21, your Honor.

Mr. Charles Lyon: Fig. 64.

The Witness: I wanted to point out its relationship on the ram first, and then I will go to Fig. 64.

The punch block is mounted on the front face of the ram in a suitable opening, and is indicated at the central portion of the figure to the upper end of the central portion and is designated by the numeral 314. I can point it out, your Honor.

The Court: Is it also 326?

The Witness: 326 are the clamping plates that hold the block onto the ram.

If we turn to Fig. 64, the punch block is indicated by the numeral 314, and is a sectional view through the member, [279] and illustrates the manner in which the punches, that is, the cut-off punch 322 is mounted, and next to it is the head forming punch 324. There are long adjusting screws indicated. The adjusting screw for the cutting off

(Testimony of William A. Doble.)

punch is identified by the numeral 336; the adjusting screw for the head forming punch is designated by the numeral 338.

Mr. Leonard Lyon: By reference to the part numbers on this Fig. 64, what are the parts that you have just exhibited to the court?

The Witness: They are the parts, 314, and a modified—that is, they are shorter adjusting screws, 336 and 338, the cut-off punch 332, and the head forming punch 324, all shown in section. The T-shaped part is designated by the numeral 332, and the cut-off punch I thought I mentioned as 322.

The Court: The punch for making the projection and indentation is 324?

The Witness: 324, your Honor.

The Court: All right. Let's go ahead.

Q. (By Mr. Mockabee): On the T-shaped member just described, what is the rectangular plate on the top central portion thereof?

A. It is for the purpose of holding the two Allen type headless set screws which act to locate the cutting off and the head forming punches in proper relationship in the block. They are different from the Fig. 64 in that they are short, [280] and spacer blocks are provided to extend down to engage the upper end of the cut-off punch, and a longer spacer block in this case has been provided so it will engage the upper end of the head forming punch. Merely a substitution of the elongated block. Instead of making the screw

(Testimony of William A. Doble.)

sufficiently long to take care of that adjusting feature.

Q. Do you know the manner in which the rectangular locking plate at the top of the T functions?

A. It doesn't function during the operation of the machine. It is only used in setting the machine up to properly position the punches with relation to the T-shaped block.

Q. Do you know its function in relationship to the adjusting screws?

A. Yes, the adjusting screws pass through it and are threaded in it in the same manner that the adjusting screws are threaded in the T-shaped end 332 of the punch block. [281]

Q. How does that lock the adjusting screws?

A. It doesn't lock the adjusting screws. They are just threaded through it.

Q. I hand you a block about an inch and a quarter in length, slightly less in height and approximately three-quarters of an inch in thickness. Would you describe that, please?

A. The block which you handed me is the die block and contains the co-operating members, which members co-operate with the ram.

The block is mounted in the base and during the operation of the ram the punches co-operate with certain dies formed in the die block for properly forming the recess in the metallic strip for making little side cuts in the metallic strip and for cutting off the metallic strip.

(Testimony of William A. Doble.)

There is a series of dies mounted in the die block for the purpose I have just stated.

The forward end of the block—that is the end of the block that has the “V”-shaped opening or slot—the “V”-shaped slot is provided for the passage of the tape past or across the end of the metallic strip to which the element is fastened during the leg closing operation.

The Court: May I see it?

(Object handed to the court.)

The Court: There is a piece here that has a tendency to fall out of the bottom. [282]

The Witness: Yes.

Q. (By Mr. Mockabee): Referring to the die housing which you have just described and to the “T”-shaped punch holder and the forming punch, is it not true that considerable nicety of designing and machining is required for die elements of the size of these?

A. Yes, it certainly requires a very high degree of mechanical skill to produce this particular structure.

Q. In your opinion would one who designed or conceived such a construction be required to have considerable knowledge of work of this type?

A. He would be better fortified in designing it with that knowledge but it would not be necessary.

A great many designers of very intricate machinery wouldn't know how to run a lathe if they were forced to do so.

Q. But knowledge of a considerable high degree,

(Testimony of William A. Doble.)

either practical or educational, would be required, is that not true?

A. Do you mean to design or to manufacture it?

Q. To design it. A. (No answer.)

Q. And manufacture.

A. Well, those are two different things. As I say there are a lot of designers who design very intricate machinery that couldn't make it to save their lives. And there are a lot of people who can make very intricate pieces of [283] machinery that couldn't design them.

Q. Would you say that to even conceive such a construction prior to final engineering would require considerable knowledge of machines of this type?

A. Yes, yes. I think a person designing that should have some knowledge of machines of this type.

Q. Here is another smaller element of approximately an inch long——

A. May I interrupt just a moment so we may identify this in the patent. It is identified by the numeral 408.

The Court: You are talking about the former piece?

The Witness: I am talking about the die block that goes down in the base.

The Court: All right, 408.

The Witness: 408.

Mr. McCoy: 408?

(Testimony of William A. Doble.)

The Witness: The die block—excuse me, it is 340.

The Court: In Figure 64?

The Witness: I was looking at Figures 23, 24, 25, 26 and 27. They all show various positions and sides of the die block 340.

The Court: 340?

The Witness: 340, yes, your Honor. The figure 340 also appears in Figure 65 which is the top plan view of the die block with the punches or dies assembled in the die block. [284]

Q. (By Mr. Mockabee): I hand you another element approximately an inch long by slightly less than a quarter of an inch wide and roughly one-eighth of an inch thick. Can you describe that?

A. Yes, I can. It is the head forming die which is designated in the patent by the numeral 324 in Figures 58, 59 and 58a.

It has a head forming depression 364 at each end.

The Court: Each end?

The Witness: Each end, your Honor. The purpose for that is when one is worn out you can reverse it and it is so illustrated in the figures of the patent which I have referred to.

Q. (By Mr. Mockabee): Referring to the parts of Exhibit 5 which you have thus far described, are comparable elements found in the Sundback patent '884?

A. I find in the Sundback patent '884 a die

(Testimony of William A. Doble.)

block which contains a shearing punch and a head forming punch and I find a die block 10 in which there are die operations for forming a blank element, complete element or a blanked out element and also a recess 399 which co-operates with the head forming punch 38 for forming the recess and projection on the zipper element.

Q. Isn't the disclosure in the Sundback patent similar in its general functional components to those elements [285] described as taken from Plaintiff's Exhibit 5? A. No, sir.

Q. In what way?

A. In the Sundback patent '884, the punch——

The Court: What plate are you looking at?

The Witness: I am turning to it now, your Honor. The punch 22 in Figure 4 of sheet 4.

The Court: Figure 22?

The Witness: The punch is 22, your Honor.

It punches out an entire element as illustrated in Figure 19 on the last sheet of the drawing.

Q. (By Mr. Mockabee): Mr. Doble, you probably did not understand my question. I do not mean as to specific individual elemental structures. I mean does Sundback show a punch holder which is vertically movable? A. Yes, sir.

Q. Does he show punches carried by the holder?

A. Yes, sir.

Q. Does he show a die block beneath the punches? A. Yes, sir.

Q. With this mechanism of Sundback does he form heads and projections? A. Yes, sir.

(Testimony of William A. Doble.)

Q. Does he cut out an element from a strip of stock? A. Yes, sir. [286]

Q. I hand you another part removed from Plaintiff's Exhibit 5. It is approximately two and three-quarter inches long by a quarter of an inch wide and one-eighth of an inch thick with a prong on either end of it.

Can you describe its function in the machine?

A. No, I cannot. I don't know exactly where it was in the machine when it was disassembled. I didn't see it come out and I don't recognize it as any part of the machine that I have seen before.

Q. Did you observe the removal of parts sufficiently to know whether or not it was closely associated with the parts removed and previously described?

A. No. The only thing I know about it is it fell out as one of the members was being taken out and I don't remember—I didn't see where it was and where it fell from so I don't know where it was located.

Q. In other words it was in the general location of the removed part?

A. Oh, yes, yes. It was there all right.

Q. I hand you two complimentary parts approximately two inches long and one inch wide and five-eighths of an inch thick as a unit, one of which is slidable in a channel formed in the other. Will you describe their function, please?

A. Yes. The movable member which has a projecting pin is the member that causes the legs 466

(Testimony of William A. Doble.)

of the element to be [287] squashed to the head of the tape—that is one acting on each side of the element.

The Court: Movable? The movable member is the jaw.

The Witness: Yes, the movable member is the jaw 524. And the little pin I referred to is the pin that the spring engages the jaw to return it to its retracted position after a clamping operation.

Q. (By Mr. Mockabee): You stated that you do not recall or know the function of the two and three-quarter inch strip of metal which was removed from the machine.

Then do I understand it to mean that this is not found in the Silberman disclosure?

A. I don't recognize it as being found in the Silberman disclosure.

Q. Regarding the jaw closing elements which you just described, will you describe the angle of the cam surface on the movable member?

The Court: About 45 degrees, isn't it?

The Witness: I think it is a little steeper than 45, your Honor. Well, we will say 45 degrees. That is about as near as I can guess at it.

Q. (By Mr. Mockabee): Approximately 45?

A. Yes.

Q. What would happen regarding the function of this element if that angle were made considerably less than 45 [288] degrees from the bottom of the member?

(Testimony of William A. Doble.)

A. From the bottom of the member? You mean a flatter angle?

Q. Yes.

A. The member would be moved further during the down stroke of the ram.

The greater the angle from the horizontal the less movement will be obtained during the down stroke of the ram providing, of course, that the ram plate—cam plate 498 has a complimentary angle to the angle of the die, forming die closing jaw.

The Court: May I see it just a minute. This operates in the manner in which I am now holding it, this being the jaw and this being the cam.

The Witness: Yes, your Honor.

The Court: When the cam comes down the jaws move out?

The Witness: Yes, your Honor.

The Court: In fact you can see on the edge of it patterns of the contact with the legs of the zipper?

The Witness: That is correct, your Honor.

Q. (By Mr. Mockabee): And correlary to what you have said about a reduction of the angle of the cam surface, if it were increased it would then shorten the distance of travel of the jaw closing member? A. Yes, sir, that is correct. [289]

Q. Then is it not true that the angle of the cam surface must be critically related to the action of the element severing punch in order to produce cut-off of the element and clamping of the element to the tape in the manner described in the Silber-

(Testimony of William A. Doble.)

man patent? A. No, I won't agree to that.

Q. If the angle of the closing member is changed to the point where the movement of the closing member is shorter, how would that change the relationship of the clamping to the action of the cutting punch?

A. May I have that read, please, your Honor?

The Court: Read it.

(Question read by the reporter.)

The Witness: Well, the action would take place later, providing—that is, the closing action on the jaws would take place later, providing you didn't make a corresponding adjustment to the position of the cut-off punch.

I might say at this time that the angular degree to which the cam surfaces can be made is somewhat limited. If you make it much flatter than 45 degrees, you may run into mechanical troubles in having the cam faces break down, because there would be too much pressure applied to the surfaces, where if you could make it a steeper angle there would be less destructive thrust against the surfaces, and therefore, normally, cams of this type do not go below a 45 degree [290] from the horizontal, that is, the contact surfaces are very rarely made below a 45 degree angle.

Q. If the angle were greater, that difficulty would not occur, however?

A. That would not occur. The closing jaw would move a less distance with each stroke of the ram.

(Testimony of William A. Doble.)

Q. And it would change the relative timing of the closing of the jaws and the shearing action of the cutter, is that not true?

A. It is not true as broadly stated, because if you made a change here, undoubtedly you would make a change in the location of the cut-off punch.

Q. Then, they are directly critically related, is that not true?

A. Well, I will say that they are directly related. There is a range of leeway between the action of one and the other.

Q. Do you think it would require much change of angle to produce a situation wherein the shearing or cutting of the element would occur prior to any clamping action on the tape?

A. I don't know that that would be attained that way.

Q. You just stated that if you changed the angle of the cam surface you would have to then adjust your cutting punch correspondingly. [291]

A. I didn't say you would have to. I would say it would mostly likely be a desirable thing to do.

The Court: I thought we agreed that the clerk was not going to mark those.

The Clerk: I could keep them in a little box until they are to go back into the machine.

Mr. Mockabee: It is up to the plaintiff. It is his property.

The Court: Counsel agreed on no markings. They are part of Exhibit 5 and they have been described.

(Testimony of William A. Doble.)

The Clerk: I have seven separate parts. Is that right?

Mr. Mockabee: Is it agreeable to keep those disassembled until Mr. Lipson testifies?

Mr. Leonard Lyon: Until Mr. Lipson testifies, if he wants to use them, I suggest they keep them in a box.

Mr. Mockabee: Yes.

The Court: All right. There are seven of them, but they were not all identified.

Q. (By Mr. Mockabee): Mr. Doble, in the Silberman machine, Exhibit 5 of plaintiff, is there anything on the closing jaws which operates upon a zipper element after the element has been attached to the tape and severed?

A. I lost the first part of that question, Mr. Mockabee. I am sorry. Could I have it read?

The Court: Read it.

(Question read by the reporter.)

The Witness: No, sir, there is not.

Q. (By Mr. Mockabee): Is there anything in the disclosure of the Silberman patent which functions in this manner?

A. Yes, there is. As I have shown on my chart, Plaintiff's Exhibit 4, plate 2, the surface marked 560, which is the upper rectangular pad on the engaging end, that is the zipper element engaging end of the jaw 524 engages the element after it has moved up out of the attaching station, it is about the fourth element above the attaching station, that

(Testimony of William A. Doble.)

little rectangular surface 560 engages the element and gives it a slight additional forming.

Q. Then the forming is finally completed at that point, is it not? A. Yes, sir, that is correct.

Q. I believe you testified that there were several forming stages ahead of the attachment of the element to the tape, is that not true?

A. By "forming," do you mean the manufacturing phases of the element?

Q. Yes. A. Yes, sir, that is true.

Q. And four stages or stations which must be occupied [293] before the element is finally formed after it is secured to the tape, is that not true?

A. Yes, sir, that is generally true. It is a question of whether you have four stations of the tape, but I would judge you would. You have a station at which the element is cut off and the head is to be formed—no, I think there are three stations before the clamping, and four stations after the clamping, to be a little more accurate.

Q. Then, including the clamping, there would be a total of eight stations through which the element passes to its station of final completion, is that correct?

A. Well, I would say seven or eight. I would prefer seven stations to eight.

Mr. Mockabee: That is all, your Honor.

Mr. Leonard Lyon: That is all, Mr. Doble.

The Court: Step down.

Mr. Charles Lyon: Plaintiff now calls Mr. Ralph Meech. [294]

RALPH MEECH

called as a witness by and on behalf of the plaintiff, having been first duly sworn, was examined and testified as follows:

The Clerk: What is your name, please?

The Witness: Ralph E. Meech.

Direct Examination

Q. (By Mr. Charles Lyon): What is your occupation, Mr. Meech?

A. I am employed by Talon, Inc., as assistant secretary and patent counsel.

Q. When did you first become employed by the Talon Company, or as it was then known, Hookless Fastener Corporation?

A. Upon my graduation from Purdue University in the summer of 1930.

Q. What were you employed as by the Hookless Fastener Company in 1930?

A. I was employed originally as patent draftsman.

Q. Did you become assistant resident patent counsel shortly thereafter?

A. I did, and I assisted the resident counsel in keeping a classified patent list of all zipper art.

Q. As part of your duties as assistant patent counsel, [295] did you do what we call in the patent business "page the Gazette"?

A. That is correct.

Q. Tell the court what you mean by paging the Gazette?

(Testimony of Ralph Meech.)

A. Well, first maybe the court would like to know what the Gazette is.

The Gazette is published weekly by the United States Patent Office, and in the Gazette are those patents which have been issued for that previous week or that week.

Q. You mean the abstracts of those patents?

A. That is correct. And they give a picture, show a picture of the particular invention, together with supposedly the broadest claim allowed in the corresponding patent. It was my duty to page that weekly, which came out on a Tuesday, and to determine and mark what patents were issued relating to the zipper industry, our own patents as well as our competitors.

Q. So you began paging the Gazette and noting patents issuing with respect to slide fasteners and manufacturing machines and the like, in 1930. Have you continued that to the present day?

A. Yes, I have.

Q. So, to summarize your testimony, you have paged the Gazette with respect to zipper patents for a period of 25 years, is that correct? [296]

A. That is correct.

Q. I believe you left Talon, Inc., for a period of years, is that correct?

A. That's right, I left the employ of Talon in 1937, principally to go to law school. I then was employed, though, by United States Steel Corporation in their patent department as a patent attorney.

(Testimony of Ralph Meech.)

Q. Did you page the Gazette for the United States Steel Corporation?

A. That was also one of my duties.

Q. While you were paging the Gazette for, I presume, steel inventions, did you as a matter of curiosity continue your examination concerning slide fastener patents?

A. Yes, I did. The zipper field is very intriguing and gets into your blood, and naturally it is your first love, and you keep, of course, abreast of the art.

Q. In 1944, if my notes are correct, you returned to Talon, Inc.?

A. That is right.

Q. And you became chief resident patent counsel, is that correct?

A. That is right.

Q. And you have been that and assistant secretary of the corporation since, which is your present capacity?

A. That's right. [297]

Q. As resident patent counsel for Talon, Inc., have your duties included the supervision—preparation, negotiation and supervision of license agreements?

A. Yes, they have.

Q. Has it been part of your policy in that job to generally keep yourself familiar with the operations of your competitors insofar as you were able to?

A. Yes.

Q. Did you ever meet David Silberman?

A. Yes, I met David Silberman the first time in the spring of 1944, shortly after I came back with Talon.

Q. Where did you meet Mr. Silberman?

(Testimony of Ralph Meech.)

A. In his office and place of business on Cooper Square, New York City.

Q. What was the occasion of meeting Mr. Silberman?

A. The occasion was, he was one of our competitors, and he at that time, we thought, was possibly using some of our patents in his manufacture of zippers, and we were invited by him to inspect his premises and his machine. When I say "we," at that time I was with my former—how shall I say it—my predecessor, Roland S. Kelly. [298]

Q. (By Mr. Charles W. Lyon): Did he display to you at that time a machine? A. Yes, he did.

Q. Was it a complete and operating machine?

A. He displayed three complete operating machines and a fourth was being built as I recall.

Q. Do you recognize—will you describe that machine if you can?

A. That machine was substantially the machine that is disclosed in the Silberman patent here in suit.

Q. Do you mean by that that you recognize the drawings of the '793 patent in suit as being a reproduction as far as draftsmen were able to do so, to the machine you saw in the spring of 1944?

A. That is correct.

The Court: Now, you said three complete machines and a fourth one. Which machine or were all of them substantially the same as '793?

The Witness: All were identical, your Honor, with '793.

(Testimony of Ralph Meech.)

Q. (By Mr. Charles W. Lyon): Did you take the position at that time that those machines which you saw in the spring of 1944 were infringements of the Poux '017 patent?

A. Yes. In my opinion they were and that was the reason we were on the premises.

Q. Did you negotiate a license between Talon, Inc. [299] and Mr. Silberman giving him a license to manufacture those machines under the '017 patent?

A. We did.

Q. I have handed you or made available on the desk in front of you defendant's answers to interrogatories—I mean plaintiff's answers to interrogatories propounded by the defendant.

Those answers include numerous documents which at the pretrial it was stipulated could be received without further foundation.

Will you look in there and see if you find a copy of the first Silberman-Talon agreement?

A. Yes. That was an agreement dated July 16, 1945, not only between Talon, Inc. and David Silberman but together with Kap-Tin Development Corporation.

Q. Was this agreement which is marked Exhibit 8 to Kap-Tin——

The Court: Wait until I find. You said July 16, 1945?

It is at page 56. It is marked Exhibit 1 and not Exhibit 8.

Mr. Charles W. Lyon: I have an agreement dated April '44 between Kap-Tin——

(Testimony of Ralph Meech.)

The Court: Give me the page number in the deposition or in the interrogatories.

Mr. Charles W. Lyon: Apparently mine aren't paged. You [300] are correct, your Honor, it is page 57. That is what I was referring to—what the witness was referring to.

The Court: What do you want to do? Do you want to separate these or refer to them merely by reference?

Mr. Charles W. Lyon: They can stay attached to the answers to the interrogatories where they make an intelligible story and we can refer to them.

The Court: All right, by reference.

Mr. Charles W. Lyon: Of course I guess it would be proper to offer them in evidence at the same time but leave them in the interrogatories for safekeeping.

The Clerk: You don't have any other copies?

Mr. Charles W. Lyon: Yes, I have my copy here.

The Court: You want all these interrogatories in evidence, I suppose? You can decide that later on. Presently if you want we will take certain of the contracts out and give them exhibit numbers and let them remain in the answers to the interrogatories.

Mr. Charles W. Lyon: We will decide that later, your Honor.

The Court: All right. The first one, the agreement of July 16, 1945 between Talon-Kap-Tin and Silberman, do you want to give that an exhibit number now?

(Testimony of Ralph Meech.)

Mr. Charles W. Lyon: That is offered in evidence as Plaintiff's Exhibit No. 7. [301]

The Clerk: That begins at page 57.

The Court: Yes, page 57 of Plaintiff's answers filed May 8, 1952. It is received in evidence as Plaintiff's Exhibit 7.

(The document referred to, marked Plaintiff's Exhibit 7, was received in evidence.)

Q. (By Mr. Charles W. Lyon): Now, Mr. Meech, did you handle the negotiations for licenses under the Poux patent in suit, No. '017 to various competitors? A. Yes, I did.

Q. You have identified the agreement, Exhibit 7, between the Kap-Tin Development Company. Was there an agreement negotiated by you licensing the Ernst Slide Fastener Company under Poux '017? A. Yes, there was.

Q. Do you find that in the interrogatory answers?

The Court: Subject to my reading this Exhibit 7 in detail, tell me in one sentence what is the effect of this Exhibit 7? Is it a license to Kap-Tin?

Mr. Charles W. Lyon: License to Kap-Tin and I believe——

The Court: To use the Talon patents?

Mr. Charles W. Lyon: To use the Talon patents listed including Poux '017. And there was also a license back to Talon or an option back to Talon and Silberman.

The Court: An option to Talon from Silberman?

(Testimony of Ralph Meech.)

Mr. Charles W. Lyon: That is right.

The Court: Now, let us go ahead with your next question. You are looking now for a license agreement to Ernst.

Mr. Charles W. Lyon: Yes. It may not be in there.

The Witness: I was going to ask you are these supposed to be in order?

Q. (By Mr. Charles W. Lyon): No.

The Court: Well, go on with something else and look it up during the noon hour.

Q. (By Mr. Charles W. Lyon): All right. I will ask you also did you personally negotiate a license to the Herod Fastener Company under the Talon patents and specifically including Poux '017?

A. Yes, I did.

Q. Did you personally negotiate a similar license to Lamar Slide Fastener Company? A. Yes.

Q. Marvell Slide Fastener Company?

A. I did.

Q. Seltzer Fastener Company? A. I did.

Q. Strauss Fasteners, Inc.? A. I did.

Q. Servel Slide Fasteners, Inc.?

A. Yes. [303]

Q. Now, there were some other licenses which you did not negotiate but I will ask you with respect to four more companies whether, as chief resident patent counsel, you are familiar with the existence of and policed licenses under the Talon patents, specifically including Poux '017, to the American Fastener Company? A. Yes.

(Testimony of Ralph Meech.)

Q. Joy Manufacturing Company?

A. Joy at the time I came back with the company was not in business.

Q. But there was such a license?

A. There was such a license, yes.

Q. Prentice Manufacturing Company?

A. Yes.

Q. And United States Rubber Company?

A. That is right.

Q. Now, there was a later agreement between Talon, Inc. and Mr. Silberman. Did you have any part in the negotiations of the later agreement?

A. Yes, I did.

Q. That later agreement is in——

The Court: Is that the agreement of April 18, 1949?

The Witness: That is correct, your Honor.

Mr. Charles W. Lyon: That is correct. That agreement is in the answers to the interrogatories.

The Court: Page 43 of the answers?

The Witness: That is correct, according to my record.

Mr. Charles W. Lyon: Apparently my personal record doesn't agree with what the court has. I have an agreement of April 1944 between Kap-Tin. Can you identify what that is?

A. That is the first agreement between Kap-Tin and Talon.

Q. This is the Queen Manufacturing Company?

A. Oh, wait a minute. This is the agreement between Kap-Tin and Queen—not between Talon.

(Testimony of Ralph Meech.)

Q. I see that somebody put the wrong one in here. But you have located the agreement of April 1949 between Silberman and Talon. How does that differ from the original agreement of 1945?

A. Well, in the original agreement of 1945 we merely had a license under the Silberman patent application. Of course it was a cross-license which we gave Silberman back—a license under the '017 patent together with others.

The agreement of April 18, 1949 was an assignment of the Silberman patent to Talon together with a Silberman patent application and a Sontag application.

The Silberman application was, I believe at that time, a divisional case of the original patent which was then at issue—that is the '793 patent.

The Court: Are you going to put this agreement of April [305] 18, 1949 in evidence?

Mr. Charles W. Lyon: I offer it as Plaintiff's Exhibit 8, your Honor.

The Court: Exhibit 8 will be received in evidence. It appears at page 43 of the answers to the interrogatories.

(The document referred to, marked Plaintiff's Exhibit 8, was received in evidence.)

Q. (By Mr. Charles W. Lyon): Now, in the negotiations with Mr. Silberman for the purchase of his patent rights, it was necessary for you to inquire as to the foreign situation, was it not?

A. That is right.

Q. Did you find out what countries, if any, other

(Testimony of Ralph Meech.)

than in the United States, Mr. Silberman had patented his inventions corresponding to the invention of Silberman '793?

A. Yes, but these applications were filed after that. But we were, of course, advised of what applications were filed, but they were not filed previous to the time we were negotiating with Silberman.

Q. Of course the contract wasn't consummated until 1949. They were filed before that, weren't they?

A. They were filed before that in some countries, I believe.

Q. Would you care to read into the record what countries they were filed in, giving us the serial numbers and where? [306]

The Court: You are talking now about Silberman's patent?

The Witness: Yes, your Honor. This list I am reading from are corresponding applications filed in the respective foreign countries—what I mean by "corresponding," I mean corresponding to the patent application from which the '793 patent matured in this country.

Corresponding applications were filed in Argentina, No. 70130.

Q. (By Mr. Charles W. Lyon): Was that patent number or serial number?

A. Excuse me, that is the patent number.

The Court: You say they were filed. Are you going to tell us whether they matured into patents in those countries?

(Testimony of Ralph Meech.)

Mr. Charles W. Lyon: They did, yes.

The Witness: These patents were filed, patent applications were filed and issued into patents in the following countries:

Argentina. Patent No. 70130.

Belgium, No. 473,125.

Bolivia, No. 1204.

Canada, No. 467,126.

Chile. It is not indicated whether or not it was ever issued.

Colombia. No. 5121. [307]

England. No. 630,177.

France. 938,651.

Hungary. No. 139,065.

India. 38,175.

Italy. 433,890.

Paraguay. 600.

Spain. 175,676.

There was another patent in Spain, No. 178,853.

Switzerland. 256,221.

Uruguay. 4083.

Venezuela. 3965.

I think that completes the list.

Q. (By Mr. Charles W. Lyon): Now in negotiating with Silberman he also told you, did he not, that he could not grant you certain rights outside of the United States or the Western Hemisphere due to prior commitments, is that correct?

A. Well, I don't know whether he told us that he made prior commitments, but we didn't want

(Testimony of Ralph Meech.)

anything out of the Western Hemisphere. I will put it that way.

Q. He showed you, did he not, the copy of his agreement with Lightning Fasteners, Ltd., London, which is a subdivision of I. C. C.?

A. Yes, he did.

The Court: Before you go into that matter, let us get [308] this straight. I don't care what Silberman told you or didn't tell you. The question is tell me, which I will later confirm by reading these contracts, what did you buy from Silberman? His rights in the United States patent No. '793? [309]

The Witness: We bought from Silberman his rights in the '793 patent, plus these other applications that were pending at this time, for the western hemisphere—let me limit that to North America, Canada, Mexico, and the United States, subject to certain outstanding obligations that he had already made at that time.

The Court: All right. He sold the North American rights subject to certain limitations.

The Witness: Yes.

The Court: That brings me to another thing we have to clear up. When you offered in evidence Exhibit 8, we should identify how far it goes here. It starts at page 43, at page 57 appears signatures; 54 is a document called Exhibit B, Silberman's Outstanding Obligations—is that what you are talking about?

Mr. Charles Lyon: That is what we are coming to.

(Testimony of Ralph Meech.)

The Court: That is a part of Exhibit 8?

Mr. Charles Lyon: That's right.

The Court: Exhibit C are some other matters concerning Silberman caused the sale of the following machines.

Mr. Charles Lyon: That is what I was coming to, the fact that he could not give us exclusive because certain machines had been sold.

The Court: I want to find out what is part of Exhibit 8. The record doesn't show yet. [310]

The Witness: That is part of Exhibit 8.

The Court: As it appears in this document, you couldn't tell.

Then on page 56 appears an option and agreement. Was that part——

Mr. Charles Lyon: I intend it to be, yes, your Honor.

The Witness: That is right.

The Court: Part of Exhibit 8?

The Witness: Yes.

The Court: So Exhibit 8 runs from page 43 through page 56, is that right?

Mr. Charles Lyon: That is correct, your Honor.

The Court: Of the Answers. Okay.

Mr. Charles Lyon: We might just as well put the limits on Exhibit 7, which runs from page 57 through page 65.

Q. (By Mr. Charles Lyon): I have handed you a photostatic copy of an agreement between Mr. Silberman and Lightning Fasteners, Ltd.; was that agreement exhibited to you by Mr. Silberman?

(Testimony of Ralph Meech.)

A. That agreement was exhibited to me by Mr. Silberman, and I requested a photostatic copy of it.

Mr. Charles Lyon: I will offer the agreement just identified by the witness as Plaintiff's Exhibit 9.

The Court: Well, if there is no objection, I will receive it in evidence. I don't know what it is going to prove. [311]

Mr. Charles Lyon: For one thing, that I.C.I. was willing to pay 5,000 pounds a year for the rights under this Silberman patent in Great Britain.

The Court: Received in evidence as Exhibit 9.

(The document referred to was received in evidence and marked as Plaintiff's Exhibit No. 9.)

Q. (By Mr. Charles Lyon): I hand you a copy of an agreement in letter form on the letterhead of some translator's office. It seems to have been certified by the Consul in Brazil. It purports to be signed by David Silberman. I ask you if that is a copy of an agreement between Silberman covering the licensing of his patent in Brazil, and whether a copy of that agreement was also exhibited to you during your negotiations with Mr. Silberman.

A. This document was so represented to me, rather the original, as being the arrangement between David Silberman and Companhia Brasileira, whatever it is, in Brazil, that is his licensee in Brazil, as being the license under the corresponding

(Testimony of Ralph Meech.)

patent in that country, that is in Brazil, which corresponds to the '793 patent in suit here.

I also requested a copy of this agreement, which we were entitled to, and this is a copy of it.

Mr. Charles Lyon: The agreement just identified by the witness is offered as Plaintiff's Exhibit 10.

The Court: 10 received in evidence. [312]

(The document referred to was received in evidence and marked as Plaintiff's Exhibit No. 10.)

Q. (By Mr. Charles Lyon): Mr. Meech, did Talon, Inc., execute an agreement with Conmar concerning patent matters? A. Yes, they did.

Q. That original Conmar agreement was made prior to your connection with the Hookless Fastener Company, is that correct?

A. You mean the second time I came back?

Q. That's right.

A. Correct.

Q. And the original agreement was made during your absence, is that correct? A. Yes, sir.

Q. You became familiar with that agreement when you returned, though, did you not?

A. Definitely so.

Q. Can you find in the Answers to the Interrogatories the first Talon-Conmar agreement?

A. Yes.

Q. It is in front of you; will you find it, please? Look at Exhibit 11 to the interrogatories.

(Testimony of Ralph Meech.)

A. It is Exhibit 5 beginning on page 79, going through——

The Court: Wait a minute. I don't know what significance these exhibit numbers at the bottom have, so I think we will [313] just ignore them. I am referring now to exhibit numbers listed at the bottom of the pages of the answers to interrogatories. Let's refer to pages.

Mr. Charles Lyon: All right, sir.

Q. (By Mr. Charles Lyon): Beginning at page 79 of the answers to interrogatories? A. Yes.

Q. Through 90 or 89? A. 89.

Q. That is the original Conmar-Talon agreement which granted Conmar Corporation a license, among others, under Poux '017 in suit, is that correct? A. That is correct.

The Court: This is only a copy, but I suppose by your stipulation it is understood the copy may be used?

Mr. Mockabee: Yes, sir.

The Court: All right. It will be Exhibit 11. Do you offer it in evidence?

Mr. Charles Lyon: I offer it in evidence as Plaintiff's Exhibit 11.

The Court: Received.

(The document referred to was received in evidence and marked as Plaintiff's Exhibit No. 11.)

Q. (By Mr. Charles Lyon): Going to the next page, I [314] think you will find another agreement beginning on page 90, dated in 1951; is that an

(Testimony of Ralph Meech.)

agreement negotiated by you between Conmar and Talon? A. Yes, it is.

Q. Does it supersede the agreement which has become in evidence as Plaintiff's Exhibit 11?

A. What is that?

Q. I asked you did that agreement between Conmar and Talon supersede the previous one.

A. Yes, it did.

Mr. Charles Lyon: The agreement just identified by the witness, beginning on page 90 of the answers to interrogatories, and running to page——

The Court: 94.

Mr. Charles Lyon: ——94, is offered as Plaintiff's Exhibit 12.

The Court: Exhibit 12 is also a copy, and it is agreeable, is it, that it may go in evidence, though it is not the original?

Did you cover that in your pretrial stipulation?

Mr. Charles Lyon: Yes, we did, sir.

Mr. Mockabee: Yes, we did.

The Court: All right. Exhibit 12 in evidence.

(The document referred to was received in evidence and marked as Plaintiff's Exhibit No. 12.) [315]

The Court: What was the effect of these agreements? Just tell me in a sentence. I will have to read them. Cross-licensing?

The Witness: They were cross-licensing arrangements, all these agreements we have mentioned so far.

Mr. Charles Lyon: The main effect as far as this

(Testimony of Ralph Meech.)

case is concerned, there may be some argument later concerning the plaintiff imposing upon its licensees quota restrictions.

What did the agreement of 1951, Exhibit 12—what provision in that agreement affected any quota restrictions in Exhibit 11?

The Witness: You refer now to the last agreement?

Q. (By Mr. Charles Lyon): Yes.

A. The current agreement between Conmar and Talon?

Q. That's right.

A. There are no restrictions, there is no quota arrangement of any kind. It is strictly a cross-license arrangement where the parties got together and there were certain patents that we would like to have a license under, and there were certain patents that they wanted of ours, which they needed a license, so we entered into a cross-license arrangement.

I might say at this point, as long as you brought up the quota arrangement, that in those quota arrangements, the reason the quota was set forth was that we thought that we were giving more than we were getting back in these arrangements, [316] so that is why we gave them a quota to a certain amount. In other words, we were giving more than we were getting, so that is the way we offset and evaluated the license between the parties.

Q. Who or what is Cierra Rellampago?

The Court: Spell it, please.

(Testimony of Ralph Meech.)

Mr. Charles Lyon: C-i-e-r-r-e R-e-l-l-a-m-p-a-g-o.

The Witness: "Cierra" means fastener, and "Rellampago" means lightning in English. That is our subsidiary in Mexico City.

Q. (By Mr. Charles Lyon): "Our" meaning Talon, Inc? A. Yes.

Q. You have been down there?

A. Yes, I have.

Q. Have you seen the machines they are using down there?

A. No, I have not. I saw the machines when they were in Cleveland.

The Court: Before they were sent to Mexico?

The Witness: Before they were sent to Mexico.

Q. (By Mr. Charles Lyon): What kind of machines were those?

A. They were of the type that I had seen previously, when I first came back with Talon, on David Silberman's premises at Cooper Square.

Q. They are similar to the ones you saw at Cooper [317] Square in the spring of 1944, is that right?

A. That is right. They are the original Silberman type machine with a single head.

Q. Where did you get them?

A. We bought those from one of Silberman's licensees in Canada.

Q. And eventually you shipped them to your Mexican subsidiary, is that correct?

A. That is correct.

Q. And they are being used to manufacture zip-

(Testimony of Ralph Meech.)

pers in Mexico City at the present time, is that correct? A. That is right.

Q. Why did you buy the Silberman patent in suit, No. '793?

A. Well, it is a rather lengthy story, but I will try to make it brief.

Through the years, of course, we have spent thousands and thousands of dollars for research in our own research department. We have never come up with a machine, that is, our research department, which was a practical machine for using the method shown in the '017 patent, which we always thought was the practical method of making slide fasteners or zippers as they are more commonly called. There was nothing done, I mean we got no place in that respect. We always knew that one day we would have to have a machine that would produce a [318] fastener cheaper than our present machines at that time, and one that was much faster.

The machines we were using at that time were sluggish, although they made a quality product. And those machines operated around 600 r.p.m., and eventually we did increase the speed of those machines to possibly 800. But we still thought that it was not a very efficient machine, and it certainly wasn't when you compare it today with the Silberman machine shown in the '793 patent, which we run and operate at around 2500.

Through the years we hadn't found a machine. Then along came the war and we were, of course, restricted in our research activities. Shortly after

(Testimony of Ralph Meech.)

the war, rather, during the latter part of the war, Silberman had developed this machine, and of course asked us to see it after we had notified him of infringement. [319]

The first machine did not go as fast as the present machine. I believe that machine was around 1500 RPM's. We weren't too much interested at that time.

Then a few years later he came up with the double head and wanted us to look at that.

"What speed will that go?" And he said, "I have a machine now that will operate at 3600 RPM's."

Well, that was a theoretical speed. The machine actually operated between 2500 and 3000 but it was still a very decided advance as far as we were concerned, in the zipper field, as we had never seen a machine that would operate that fast. We never expected to see one, frankly.

That was when we finally negotiated and bought—purchased his patents for our own commercial production.

Q. (By Mr. Charles W. Lyon): What was the consideration paid to Mr. Silberman for his patent '793 and the other two applications which accompanied it?

A. \$75,000 if I recall exactly.

Q. Prior to that time you had given him certain sums of money for an option, is that right?

A. That is correct.

Q. How much was that?

(Testimony of Ralph Meech.)

A. I think that was in the neighborhood of \$10,000.

Q. Now, in this art you are familiar with the method of producing zippers shown in the Sundback patent '884, [320] is that correct?

A. I am familiar—

The Court: You are going into a new matter?

Mr. Charles W. Lyon: Yes.

The Court: It is 12:00 o'clock.

Mr. Charles W. Lyon: I can finish this in about two minutes.

The Court: All right.

The Witness: I am familiar with them in that I have seen the product.

Q. (By Mr. Charles W. Lyon): Now, isn't it a fact that in Sundback it first rolls the strip, is that right?

A. I beg your pardon. I thought you meant the first—what patent are you referring to?

Q. Well, I had better go to another subject.

The Court: Are you still going to finish in five or 10 minutes?

Mr. Charles W. Lyon: Yes.

Q. (By Mr. Charles W. Lyon): In this industry what is a rod and what is a wire?

A. Well, it so happens that I am connected with the steel industry. In the steel industry I was confused when I first went down to them and I would speak of a certain thing as a wire and they would say: "That is a rod, not a wire." "How do you dis-

(Testimony of Ralph Meech.)

tinguish the difference?" "It is [321] just a matter of degree."

When they get above a certain dimension they call it a rod and below that it is a wire.

Q. Would you care to comment, and I understand that the company doesn't want you to use a figure, but give us an approximate figure on what if any savings there is in the production of zippers in using the Silberman machine as compared to its predecessors?

A. Well, I am not prepared to quote a figure, but it is a decided saving.

Do you want a comparison with our present method or prior method? Is that the comparison you want?

Q. With any method you know of.

A. Well, what we call the strip process method where there is no pre-forming there is a decided savings because there is no pre-forming of the wire. Those operations are eliminated and of course all the handling is eliminated and usually after pre-forming a wire strip it has to be annealed. Of course that is an expense.

In the Silberman method or the strip method as shown by Poux, there is no pre-forming of the strip. The strip is fed directly into the machine and between the dies fabricated and attached—the element is attached to the tape.

The tool maintenance is cheaper.

Furthermore you get a fastener which is much

(Testimony of Ralph Meech.)

more [322] efficient in its operation in some respects than other types.

Mr. Charles W. Lyon: Your Honor, I find that I failed to go into the question of the commercial production figures and I don't believe the witness has them with him. So, if we may now take the noon recess we will be prepared to take that up after the adjournment.

The Court: Tell me what you mean by "fasteners more efficient in some respects"? What respects?

The Witness: Well, as I say they are more efficiently attached or effectively attached to the stringer tape. I meant the operation is more efficient when I said that.

The Court: All right, take a recess until 1:30.

(Whereupon, at 12:00 o'clock noon a recess was had until 1:30 o'clock p.m. of the same day.) [323]

Thursday, March 3, 1955; 1:30 p.m.

The Court: Call the case.

The Clerk: Talon, Inc., vs. Union Slide Fastener, Inc., No. 10450 Civil, for further trial.

The Court: Proceed.

RALPH E. MEECH

a witness called by the plaintiff, having been previously sworn, resumed the stand and testified further as follows:

(Testimony of Ralph Meech.)

Direct Examination—(Continued)

Q. (By Mr. Charles W. Lyon): Mr. Meech, who is Roland Kelley?

A. Roland Kelley was house counsel for Talon for a number of years.

He was my predecessor and still stayed on a retainer when I first came back to town in 1944.

Q. When did Mr. Kelley sever his connection—did Mr. Kelley sever his connection with Talon?

A. It was sometime, I think, in the middle of—during the summer, either the 1st of June or the 1st of July of 1944. During the first part of the year he was on a retainer and he would be at the office, come in to the office possibly one day a month or two.

Q. Well, is it your testimony that he had severed his connection with Talon by the 1st of June 1944?

A. By that time I would say yes.

Q. Now, this meeting which you had with Mr. Silberman in the spring of 1944, did anyone accompany you to Mr Silberman's place of business?

A. Yes; Roland Kelley.

Q. And that would mean that this meeting was prior to the 1st of June 1944, would it not?

A. That is right.

Q. After Talon, Inc. secured its license from Silberman, which license is in evidence here as Plaintiff's Exhibit 7, what steps, if any, were taken toward commercial use of the Silberman invention by Talon, Inc?

A. Shortly thereafter we acquired one of his

(Testimony of Ralph Meech.)

new machines—that is the double head as we call it, and it was set up for experimental purposes. Tests were run in New York in July of 1947 and then it was taken to our Hamden plant at Hamden, Connecticut.

The Court: July of 1945?

The Witness: July of 1947.

The Court: Two years later?

The Witness: That is right.

The Court: I didn't get the date. Was that when it was set up?

The Witness: That is when the first experimental machine was set up. [325]

The Court: In your New York plant?

The Witness: In our New York plant, yes.

The Court: When did you take it to Connecticut?

The Witness: We took it up there, oh, about less than a month later.

The Court: Go ahead.

The Witness: And it was brought back to New York again in August. Then it was returned to Hamden again in September and there a series of tests were made on the machine and finally it was shipped to Cleveland, Ohio, to our plant there, in July of 1948.

From then on it was used and similar machines were purchased and built and used in commercial production at our Cleveland, Ohio plant for a couple of years. [326]

(Testimony of Ralph Meech.)

Mr. Mockabee: Pardon me. Could the witness speak a little louder, please?

The Witness: Okay.

Q. (By Mr. Charles Lyon): If I understand you correctly, then you went into commercial production at the Cleveland plant with that machine in 1948?

A. It would have been about September 1948.

Q. Do you know when you acquired the next machine embodying the invention of the Silberman patent?

A. At that time there were other machines being built after the grooming of the machine was completed at Hamden and the tests made. I believe at that time we built eight additional machines, until we got a battery of 16 machines, which took, of course, oh, it was over a course of a couple of years.

Q. Do you presently have machines similar to Plaintiff's Exhibit 5 in production at the Wilzip division of Talon, Inc.?

A. We do not. We closed the Wilzip division in 1954, and those machines were moved to Cleveland, Georgia, where we are currently using those machines in a plant especially built for that operation.

Q. How many machines are being used at Cleveland, Georgia, of the Silberman type?

A. There are 16 to 20. I would not know the exact number, [327] but it is around that.

The Court: Now I am lost again here. You threw in the name of your Wilzip plant. Was that the name of your Cleveland plant?

(Testimony of Ralph Meech.)

The Witness: The name of our Cleveland plant was Wilson Division of Talon, Inc., but we used the trademark Wilzip on that product that we made at the Wilson Division.

The Court: When you talked about shipping the machine to Cleveland in July of '48, starting in commercial production in September of '48, you are talking about the same plant that you referred to as the Wilzip plant?

The Witness: That is correct.

The Court: Now, you say in '54 you closed that plant in Cleveland?

The Witness: That is right.

The Court: And you moved the machines to Georgia?

The Witness: Cleveland, Georgia.

The Court: Cleveland, Georgia?

The Witness: Yes.

The Court: At Cleveland, Georgia, there is now a battery of 16?

The Witness: That is right.

Mr. Charles Lyon: 16 to 20, I believe he said.

Q. (By Mr. Charles Lyon): Is the machine which is in the other court room, Plaintiff's Exhibit 5, a machine from [328] Cleveland, Georgia?

A. Yes, sir, that is a machine from Cleveland, Georgia, and one of the machines that was at Cleveland, Ohio.

Q. And was Exhibit 5 on the production line and in use producing zippers at Cleveland, Georgia,

(Testimony of Ralph E. Meech.)

prior to being shipped out here for the purpose of this trial? A. Yes, it was.

Q. Do you have production figures showing the total amount of zippers manufactured by the plaintiff using the machines embodying the Silberman invention year by year? And I mean by that these machines similar to Exhibit 5. A. Yes, I do.

Q. Would you mind reading those figures into the record?

The Court: Is this overall production or just from one place?

The Witness: I will give it as we have named it or termed it the Wilzip Division. It would be by year.

The Court: Is the place in Cleveland, Georgia, called the Wilzip?

The Witness: It is not. It is called just our Cleveland plant.

The Court: Now you are going to give figures from the Wilzip plant? [329]

The Witness: That is correct.

In the year 1948, that was of course about three or four months which we operated those machines, there was only 56,000 units, 56,994.

Q. (By Mr. Charles Lyon): When you say units, what do you mean?

A. Completed fasteners.

The Court: Unit means the two fasteners with a divider?

The Witness: That is correct.

The Court: All right.

(Testimony of Ralph E. Meech.)

The Witness: I have chain production here, but I think possibly the fastener production will suffice.

Q. (By Mr. Charles Lyon): Just confine yourself to complete fasteners, two chains connected by a slider. A. That is right.

Mr. Mockabee: How many did the witness say?

The Court: 56,994.

The Witness: In 1949 we were starting to get rolling and we made and produced and sold that year 8,157,411.

Mr. Charles Lyon: I think your voice would be a little more intelligible, Mr. Meech, if you take your hand away from your face.

The Witness: In the year 1950 the production was 14,130,665; 1951, 13,207,540; in the year 1952, 12,338,466.

I said we moved the plant to Cleveland, Georgia, in '54, [330] but we closed our production line in Wilzip and we only operated there for the first quarter of 1953, and we made 2,303,330, that is at Cleveland, Ohio. That was the last of our production at Cleveland, Ohio. The last three quarters we operated the machines in Cleveland, Georgia. I think I said before that we moved in '54. I should have said '53. In that three quarter period of '53 we made 8,578,450 units. In the year 1954 our production was increased materially and we made 42,614,072 units.

Q. (By Mr. Charles Lyon): I think the record is clear, but state again for the record what type

(Testimony of Ralph E. Meech.)

of machine was producing the unit whose figures you have just read into the record?

A. It is the same type of machine that is shown, I think it is Plaintiff's Exhibit 5 in Judge Hall's court room.

Q. When you say "unit," is there a standard unit in the industry?

A. Yes, sir, the fastener unit is usually taken as 10 inches.

Q. 10 inches or 12 inches, possibly?

A. 10 or 12.

Q. And each unit to be complete must be composed of two stringers closed by top stops and sliders, is that right?

A. That is correct, plus a bottom stop. [331]

Q. And these figures you have read into the record or units, include units so composed, is that correct?

A. That is correct, although sometimes we don't put bottom stops on or top stops, but that is right.

Mr. Charles W. Lyon: That is all.

The Court: Now, while you are at it, how did this production that you listed made from the Silberman type machine compare with the production from the other type machines that you operated?

Maybe I should ask first what other types of machines did you operate during this same period of time?

The Witness: That is difficult to answer, your Honor. We do have presently—we use three types of machines.

(Testimony of Ralph E. Meech.)

Before we acquired the rights to the Silberman machine we had about five or six hundred machines which, of course, we couldn't exactly, so to speak, throw out the window. In other words we had to use those machines because we had a capital investment there.

We have gradually increased our production facilities on the Silberman type machine, as shown by Plaintiff's Exhibit 5. Now, that machine, of course—I say 18 or 20, whatever it is, and that is the double head machine and that means you have 40 machines because you are making two stringers at one time and that machine operates at about three or four times the speed of the machines—the major portion of the [332] machines that we are using which we call the Sundback type machine.

The Court: Well, let us be specific. Before you acquired the Silberman rights how many types of machines were you using?

The Witness: We were using one type of machine.

The Court: Sundback?

The Witness: That is correct.

The Court: Is that a machine embodying the principles and disclosures in '884 of the Sundback patent?

The Witness: No.

The Court: Well, we will not go into it now but you call it the Sundback machine, is that right?

The Witness: That is right.

The Court: Now, you say "presently."

(Testimony of Ralph E. Meech.)

Mr. Leonard S. Lyon: There is another Sundback patent that we could identify here.

The Court: Do you know which one that is?

The Witness: If I could see the patent I could tell you, yes.

(Document handed to the witness.)

The Witness: It is a machine of the type that is shown in patent No. 1,467,015.

Mr. Leonard S. Lyon: That is the "Y"-shaped wire machine?

The Witness: That is correct. [333]

Mr. Charles W. Lyon: Inasmuch as that patent has been referred to I will offer it at this time, a soft copy of the Sundback patent No. 1,467,015 as Plaintiff's Exhibit 13.

The Court: Plaintiff's Exhibit 13 is received in evidence.

(The document referred to, marked Plaintiff's Exhibit 13, was received in evidence.)

Mr. Charles W. Lyon: I have to take it out of this book, Mr. Figg, and hand it to you later.

The Court: Now, you say presently you are using three types of machines?

The Witness: That is correct.

The Court: What are these types you are using?

The Witness: The other machine is an improvement on the Sundback type of machine where we still use a pre-formed wire—"Y"-shaped cross-section.

The Court: So presently you are using the Sil-

(Testimony of Ralph E. Meech.)

Silberman machine, the original Sundback and the improved Sundback machine?

The Witness: That is correct.

The Court: Now, I am not concerned with the exact figures but what percentage of your production in the period of time that you have been listing from 1948 on to 1954 has come from your Silberman machines, taking the operation of your company and its subsidiaries into consideration. Can you give me a percentage figure year by year?

The Witness: That would be difficult to do.

The Court: What kind of figures can you give me, if any?

The Witness: Offhand I couldn't give you any figure that would be very accurate.

In using this particular fastener made on the Silberman machine, we serve a different market than we do with our over-all business and it would be difficult to break it down and I don't think it would be fair to compare those two markets.

The Court: I take it from what you are saying then that the smaller part of your production is on the Silberman machine.

The Witness: It is not as great as the other production, that is correct.

The Court: What is the difference in the market that is served by the products of the Silberman machine and the market that is served by the Sundback machine and the improved Sundback machine?

The Witness: Well, your mass market and your

(Testimony of Ralph E. Meech.)

big outlet is in the dress field—placket field that is, and trouser fasteners.

We have used the Silberman machine more because we can make the fastener cheaper to serve those markets than we can on the Sundback type machine. [335]

The Court: Well, do I understand then that the Silberman machine is used primarily for the dress and trouser market?

The Witness: Wherever we have to make a fastener at a competitive price.

Mr. Leonard S. Lyon: Does that include the dress and trouser field?

The Witness: Does what include that? I don't get your question.

Mr. Leonard S. Lyon: The court asked you whether your production for dress and trousers was made on the Silberman machine and you didn't quite answer that question.

The Witness: Oh, not entirely, no.

The Court: In other words you can make the fastener cheaper on the Silberman machine but it is not as good a fastener?

The Witness: I wouldn't say it is not as good but it serves a market, yes. We can make it cheaper and it is good enough and is a good fastener for that type of application.

We cannot make larger sizes on the Silberman machine as we can on the Sundback machine and we think the Sundback fastener is a little smoother

(Testimony of Ralph E. Meech.)

—a little smoother fastener and is better for other applications.

The Court: You mean better than the Silberman machine?

The Witness: Yes, sir. [336]

The Court: Well, if the Silberman machine fastener is as good as the Sundback fastener, which on one occasion you said and on another occasion you subtracted from, why haven't you gone exclusively to Silberman or why haven't you devoted the larger amount of your production to Silberman rather than Sundback?

The Witness: Why, I think I said, your Honor, that we have a capital investment in machinery and equipment that we can't change—make a change really overnight.

When you have a battery of machines like we have it is quite a change. The big thing is your labor situation.

I didn't want to get into this but you have quite a time with your labor unions in changing machines.

If you get another machine up there and that machine can be operated with fewer men than other equipment you have to fight your labor unions before you get into production.

The Court: Is that why you went to Georgia, Cleveland, Georgia to set up the Silberman machine?

The Witness: Yes.

(Testimony of Ralph E. Meech.)

The Court: You might as well answer it because I thought that was the situation.

The Witness: That is right.

The Court: Cheap and willing labor.

The Witness: That is right.

The Court: All right. You may cross examine.

Mr. Mockabee: If the court please, I only recently got into this case and there are many things that I wish I had had an opportunity to go into considerably more deeply.

Mr. William J. Graham of New York City, is coming in tomorrow morning by plane and would like the opportunity of cross examining Mr. Meech.

If his cross examination can be held until tomorrow we will appreciate it.

The Court: Do you have any further witnesses, Mr. Lyon?

Mr. Leonard S. Lyon: No, your Honor, we are ready to close the plaintiff's prima facie case but if the defendant would be deprived of any opportunity of cross examining this witness I am willing that the case should be closed subject to his cross examination and go on with the defendant's case.

The Court: Are you prepared to go ahead with your case at this time?

Mr. Mockabee: I have some prior art here I can discuss, quite a bit of it, which would be the opening more or less, of our case.

Mr. Leonard S. Lyon: I would just like to ask the question as to whether the defendant expects

to proceed in the trial with its counterclaim under the antitrust laws?

Mr. Mockabee: Yes, I do, and that is another thing where Mr. Graham is much better acquainted than I. He has been working with this case for some time. [338]

Mr. Leonard S. Lyon: I am willing to adjourn until tomorrow morning if the court thinks that that would be more fair to the defendant.

Mr. Mockabee: It would greatly assist defendant's counsel.

Mr. Leonard S. Lyon: I think you have done pretty well, Mr. Mockabee, but if Mr. Graham is better prepared than you are I don't want to take any advantage of the situation.

The Court: Well, are we going to finish this case sometime next week? How long do you estimate it will run? How long do you estimate it will take you to put on your case?

Mr. Mockabee: I look at it from the patent side more than the counterclaim side personally because of the fact that Mr. Graham is much better prepared on the counterclaim.

As far as the patent side is concerned I would hope that we could finish up in two or two days and a half. [339]

The Court: Well, then, that leaves open the question of length of time on counterclaim, and there is rebuttal here on the other side.

Mr. Mockabee: Yes, sir.

The Court: The case ought not take two weeks to try.

Mr. Mockabee: Well, it appears to have a few ramifications. There is a considerable amount of prior art. I don't believe it is going to be too lengthy a discussion explaining that art and presenting it, because the court is now well acquainted with the machine and the patents in suit, we have, I believe, just one witness to call.

The Court: Is he available?

Mr. Mockabee: Yes. He is beside me.

The Court: Is he going to explain the prior art?

Mr. Mockabee: I am going to have to do that myself, your Honor. Defendant is not in a financial position to hire a patent expert. He has spent some \$12,000 on this case so far, and he is not a large corporation.

The Court: Well, then, let's close the plaintiff's case subject to their right to reopen it for the purpose of this cross examination tomorrow, and let's proceed a while this afternoon on this prior art and get as much as we can done, and if we adjourn a little early, all right.

Mr. Mockabee: Yes.

The Court: Plaintiff then rests subject to the taking of [340] this cross examination at a later date?

Mr. Leonard Lyon: That is correct.

The Court: By the way, you offered in evidence the Lipson deposition. I have looked it over partially. Most of it is a matter of identification of drawings and so forth. Is there anything else in there that you are relying upon except that?

Mr. Leonard Lyon: He was asked some ques-

tions about the elements of the claims of the patent, and I think that will be pertinent, your Honor.

The Court: Supposing you segregate out of there what you want me to read.

Mr. Leonard Lyon: All right.

The Court: Because a lot of that has no value at all; it is merely foundation for the documents which later on were used by your expert.

Mr. Leonard Lyon: We will hand you a memorandum in the morning of what pages we think are worth reading.

The Court: All right.

Mr. Mockabee: Defendant takes the position that the Poux patent in suit, whose claims are directed to a method of making slide fastener elements and attaching them to a tape, is for a method which from the teaching in the patent is not sufficiently practical, nor sufficiently disclosed and explained to constitute (1) a valid disclosure of a method, and [341] (2) an operable method.

Defendant's position is, further, that the method of the patent to Poux is one which was derived from patents in the prior art. That distinctions, if any, between Poux' method and the prior art are merely those of which a person skilled in the art is capable.

We propose further to show that the alleged invention claimed in Poux' '017 is from a standpoint of patentability and scope the same as the invention claimed in Poux' '016.

Regarding the workability or operability of the method disclosed by Poux and its teaching, the only

teaching is with regard to the use of a round or a square rod, as distinguished from the use of stock in the form of a thin, relatively wide metal strip, the latter being the type of stock of which all zippers are made.

There has been some discussion on the part of plaintiff's expert with regard to the fact that Poux would operate with soft metal rods. It is defendant's position that soft metal in a zipper element is totally impractical.

Furthermore, the use of a rod, as distinguished from a thin relatively wide strip, requires that the element made from the rod be of the same height, that is in a line length-wise of a tape to which the elements are secured, as the width of the element.

Slide fasteners which are made today and have been made [342] for many years are of such proportions that the width is considerably greater than the height, or the height is kept at a minimum to make the fastener elements neater, and the assembly as a zipper more compact.

The use of rods, such as in Poux, would result in a zipper which would be cumbersome, and in the estimation of plaintiff, and I think the whole trade, impractical and unacceptable to the purchasing trade.

The Court: You said, "in the estimation of plaintiff"; do you mean the defendant?

Mr. Mockabee: Pardon me. I think the plaintiff would agree.

The Court: You mean the defendant, though?

Mr. Mockabee: Yes.

The Court: Read it, Mr. Reporter.

(The record was read by the reporter.)

Mr. Mockabee: Yes, I meant defendant.

The prior art shows various types of machines for manufacturing slide fastener elements and securing them to a tape.

In the prior art, which includes punch press mechanism, for forming metal fastener elements from continuous metal strips, we can show that it was not new to form the fastener element from a strip and sever the formed element from the end of the strip and simultaneously secure it to a supporting structure, not necessarily a zipper. [343]

The zipper industry, the zipper art, is probably interesting, but it is not anything which has any peculiar characteristics which make it in a field necessarily by itself with regard to prior art. It is defendant's position that prior art developments relating to pieces which are punched from a continuous strip, whether they are zippers or other fasteners, or other metallic elements, still are of a related art, and it would be well within the natural imagination or ingenuity of a person skilled in the zipper field to look to any punch press art for improvements in his machine.

The Court: At that point let me interrupt.

Did the codification of the patent law have some effect upon that point? In other words, I understood the case law, prior to the modification of the patent statute, provided that if through mechanical skill a skilled mechanic would go to some other art to get his information or could be expected to do

that, that you could look to another field, maybe an unrelated field, and it would seem to me that that was a section which in a way almost codified that.

Mr. Mockabee: I don't have a copy of that with me, your Honor.

The Court: Isn't there a section on it?

Mr. Mockabee: Offhand I don't recall it, your Honor.

Mr. Leonard Lyon: The subject is discussed in the patent text under the difference between analogous and non-analogous arts. [344] That is where you find the discussion. If the art is enough analogous so that it would be presumed that an inventor or a mechanic would borrow from the other art, then it is known as an analogous art. If it is so remote that you wouldn't presume or wouldn't assume that a man working in the first art would naturally go to the second art, then it is known as a non-analogous art. And the cases make a distinction between what is shown in an analogous art and what is shown in a non-analogous art, and the latitude between those two depends somewhat on just how much of a difference there is between what you are looking for. I mean if it is wide step, the art must be very close; if it is a slight step that you are looking for, the art can be further away. It is a very complicated subject. And I don't believe that the Patent Art of 1952 attempted to alter the law on that subject.

The Court: I don't think it altered the case law, but I think they put that in a new section, didn't they?

Mr. Leonard Lyon: Yes.

The Court: Did you cite me that section, Mr. Lyon, in the aircraft case?

Mr. Charles Lyon: If you are referring, your Honor, to the section about mere mechanical skill, I can find that immediately.

Mr. Leonard Lyon: I have got it here.

The Court: That is the section I think that has a bearing on it. [345]

Mr. Leonard Lyon: There is a Section 103 of the 1952 Patent Art which says:

"A patent may not be obtained though the invention is not identically disclosed or described as set forth in Section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made."

Section 102 prescribes in Section (a):

"The invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

"(b) The invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or

“(c) He has abandoned the invention.” [346]

There is nothing about analogous and non-analogous arts. I will look through this section.

The Court: I am thinking about 103. It seems to me the language there is almost broad enough to cover that situation. Isn't 103 a new section?

Mr. Leonard Lyon: It is a new section——

The Court: (Continuing) ——that attempted to codify case law?

Mr. Leonard Lyon: It is a new section in the patent statute. There never was a section on mere mechanical skill not constituting invention in the patent statute before this statute was written, but the Supreme Court over 100 years ago adopted that test for patentability, and has consistently adhered to it.

The Court: Yes. That is the section I am thinking about.

Isn't that section broad enough in its implication to almost cover this other situation?

Mr. Leonard Lyon: It says the art to which the invention pertained.

The Court: If the difference between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which the subject matter pertains. [347]

Now, they have been very careful to tell what kind of skill the person should have who should know about this. He must be skilled in the art to

which the subject matter pertains. But the rest of the section is very broad. [348]

Mr. Leonard S. Lyon: It has always been the law, for example, to take an extreme case that you wouldn't charge a man working on an oil derrick, who is inventing some improvement in a tool that was used in the oil derrick, with knowledge of what was used in the shoe machinery business in Boston.

But there are many and various degrees and permutations of that and I think if the question becomes material here we will have to present the authorities and apply them to the particular situation here.

One of the greatest cases on the subject in the Supreme Court was Potts vs. Kreiger (phonetic) where there was a patent for freezing food products and the question was whether the process of preserving a corpse was an analogous art.

The Court: All right. You answered my inquiry. Go ahead.

Mr. Mockabee: Your Honor, doesn't that section refer to mechanical skill with regard to prior art in that same field?

What I was speaking of was—I think that this is in—this prior art on punch press operations and apparatus generally are in analogous fields to this specific zipper industry. We are not, as the plaintiff has maintained, branching out too far from that field in some of the art upon which we are depending.

Mr. Leonard S. Lyon: I haven't maintained it because I don't know what it is yet. [349]

The Court: Go ahead.

Mr. Mockabee: I think some place here in the record I ran across that, but I haven't it at my fingertips.

In other words, if a punch press using progressive dies is used to make zipper elements or any one of a dozen or more other different types of things and it has the same general assembly of its functional parts, but slightly different specific punches or tools in that assembly, and the same or nearly exactly the same punches and tools are found in the prior art in zipper machinery, then it amounts to no intention to arrive at the method set forth in the Poux patent in addition to the fact that we do not believe that is a practical, sufficiently practical and sufficiently disclosed method to furnish one with the information to practice it.

Mr. Leonard S. Lyon: The court might be interested in the revisor's notes to Section 103. They read:

"There is no provision corresponding to the first sentence explicitly stated in the present patent statute, but the refusal of patents by the Patent Office and the holding of patents invalid by the courts on the ground of lack of invention or lack of patentability—patentable novelty has been followed since at least as early as 1850." [350]

This paragraph is added:

"With the view that an explicit statement in the statute may have some stabilizing effect and also to

serve as a basis for the addition and at a later time of some criteria which may be worked out."

The Court: They don't mention the matter we are discussing.

Mr. Leonard S. Lyon: No, they don't mention the word.

The Court: They say what they are trying to do but whether they did something more than they tried to do is still a question. Go ahead, Mr. Mockabee.

Mr. Leonard S. Lyon: There could be a patent system where if you invented anything new you would get a patent on it and if it didn't amount to much the theory would be you weren't getting ownership of very much.

There could be a system of that kind but that isn't the kind of system we have in this country.

In this country we assume there will be normal progress due to the skill of the routine workmen in the art and the patent system is reserved for some accomplishment that involves some inventive effort over and above the kind of effort that an everyday workman puts into his job.

The Court: Go ahead, Mr. Mockabee.

Mr. Mockabee: The Silberman patent in suit, '793—

The Court: You are now stating your position?

Mr. Mockabee: I am just outlining my position.

The Court: All right.

Mr. Mockabee: Silberman patent '793 is attacked—pardon me. One more remark about Poux.

We maintain that Poux is invalid. We also main-

tain that claims 1 through 4 of Poux are not infringed, valid or not, because of the specific and emphatic inclusion in those claims of a rod.

The only rod referred to in the claims is that shown in the drawing and discussed in the text and can only be construed as a rod whose height and width are equal.

Regarding Silberman '793 the defendant has several defenses. One is that Silberman is not the inventor of that patent in suit; that he secured it—that he secured the information from which the application was filed from John Havekost, and purported to have purchased from Havekost or secured from Havekost a waiver which amounted to nothing more than an assignment from Havekost to Silberman of patent rights which Havekost may have had, which is different from his actual inventorship of the apparatus in the patent.

A person can own rights in a patent without being an inventor at all. And on the other hand we think that Havekost was the inventor and that this purported waiver or disclaimer of any invention was not sufficient but merely a transfer of any claim to rights in the patent and income therefrom. [352]

The Silberman patent as stated by plaintiff's witness, was the result of 13 years of attempts to produce a machine which would carry out the Poux process or method.

The Silberman machine does not operate upon a rod. It operates upon a flat strip. It in generally has the functional organization that the apparatus

disclosed but not claimed in Poux, which was so disclosed to illustrate the manner in which the Poux method was to be carried out.

Silberman includes in his patent and in his claims some elements which are not shown in Poux but which are common to the prior art, prior not only to Silberman but to Poux.

These include the general arrangement of the base and the ram, the shaft, the eccentrics, of small eccentrics, the connecting rods. Some show single connecting rods and there is one showing at least a double connecting rod to a single ram upon a punch press mechanism.

Silberman contains a machine for operating similarly to the manner shown in Poux but the entire assembly is clearly shown in prior art patents.

The Silberman patent was not a development of the plaintiff. It was a purchase by plaintiff and whether or not plaintiff expended any length of time or any amount of money on attempting to develop a machine to carry out the Poux method, the Silberman patent does not represent any such effort. [353]

The Silberman patent was purchased a comparatively short time prior to the time suit was filed against defendant here. And it is defendant's position that one of the objects in gaining control of the Silberman patent was not merely to assist in trying to bring defendant into line in the industry but to have a similar effect on others and that the machine of the patent or machine is similar to the Silberman patent are not the machines used for

producing plaintiff's principal and first line brand of zippers; that the machine and the patent were acquired by the plaintiff to enable it to produce a high speed zipper which is cheaper, not only in price but in manufacture and operation than Talon's—the plaintiff's first line of product.

That products of this machine, allegedly made under the Silberman patent, are deliberately put out cheaper in order to drive out small competition.

The Court: Is there anything wrong with that legally?

Mr. Mockabee: Well, this relates more to the counterclaim.

The Court: Assuming the statement you made is true, is it anything that you can talk about except in Sunday School?

Mr. Mockabee: To put out a cheap, impractical product that is not a good consumer product merely for the purpose of driving out competition and to cheapen the entire industry. [354]

The Court: As I understand our competitive system makes that permissible. If you have to meet competition you put out a cheaper product.

Mr. Mockabee: As I said, your Honor, it is not that bare statement alone, but that coupled with an attempt by the plaintiff before it seriously entered this trade area with the Wil-Zip zipper or with the Falcon zipper or another cheap zipper produced by plaintiff, to get the then three local manufacturers, small independents of which defendant was one, to maintain a price in this area and being unsuccessful—well, as a matter of fact at the meet-

ing where the price maintenance was attempted to be made, the threat was made to bring in the Wil-Zip zipper to this territory and that the Wil-Zip zipper had been introduced in the East and then as a result of its introduction many small manufacturers had been put out of business.

It was the threat of this price-cutting zipper which was made if the three local manufacturers did not maintain certain minimum prices.

Mr. Leonard S. Lyon: Counsel hasn't stated what, if any, proof he expects to offer.

He has argued this matter on the basis that he has proven it but he took depositions and the witnesses denied that any such thing occurred.

Mr. Mockabee: We have depositions, your Honor, in the [355] case that support, I think support all my statements.

If I have made any that went a little beyond I didn't intend to and I don't think I did.

On the subject of control of the industry, which we seem to have gotten around to, plaintiff entered into license agreements with at least several companies, zipper manufacturers and while a patentee has a right to grant a license rather more or less under the terms as he wishes to dictate, we will show that agreements were entered into wherein the licensees of plaintiff were to all intent and purpose held to a production quota. They weren't prohibited from going over a quota in these agreements, but a quota was set and if they went a certain percentage over the quota what was called a royalty, sometimes amounting to 10 per cent of

the amount received by the licensee, was made payable and if they went a little further over the quota an even higher so-called royalty had to be paid.

One instance of that was the agreement between plaintiff and Conmar——

The Court: Exhibit 11 or 12? The first or second one?

Mr. Mockabee: That was the first Conmar agreement.

The Court: Exhibit 11.

Mr. Mockabee: Provided that Conmar should not exceed or that if it did exceed——

The Court: What page are you reading from? It is paged at the top. [356]

Mr. Mockabee: It starts on 79.

The Court: You must be referring to——

Mr. Mockabee: Page 6 of the Conmar agreement in the second or the first full paragraph on page 6. It starts at line 5. It says:

“The sales of Conmar for said year are found to be less than the quota for that year by an amount which is in excess of 25,000,000 slide fastener units.”

I beg your pardon, your Honor, I am a little ahead of myself. It is on page 5 of the Conmar agreement:

“For the calendar year 1940 the quota of Conmar shall be 52,000,000 slide fastener units, the same being approximately 25 per cent of the net sales of slide fastener units by Talon during the year 1939.”

In other words to all intents and purposes Con-

mar could not exceed—could not produce more than 25 per cent of the production of Talon for the previous year without paying a penalty.

That is the essence of it.

Now this contract—

Mr. Leonard S. Lyon: If your Honor understands, the quota was free. There was no royalty paid and if you went [357] above the quota you paid a royalty.

The Court: I understand that.

Mr. Mockabee: But Talon also, of course, received a free license, unrestricted, with no quota from Conmar.

Now, the plaintiff apparently seems to belittle or lend little importance to this quota question, but plaintiff and Conmar entered into a new agreement in 1951, June 7, 1951.

That is on page 90 of the plaintiff's answer to defendant's interrogatories, Exhibit 12, wherein the quota production was eliminated and there was more or less of a straight cross-licensing situation created.

The present suit was filed in 1949. The answer of defendant—I have too many papers here, your Honor, was filed—

The Court: Well, one answer was filed on August 11, 1950 and the amended answer and counterclaim was filed on April 19, 1951. That is the counterclaim.

Mr. Mockabee: 1951, yes, and the second Conmar agreement was in June of 1951.

The defendant intends to show that it had pre-

pared its amended answer and counterclaim and had held it—had not filed it for some time pending some discussions with plaintiff and that the filing of the answer and counterclaim contained charges of violation of the antitrust laws came roughly at the time the second Talon-Conmar agreement was entered into. [358]

The Court: You don't find fault with the second agreement, but you use it to argue the first one was bad.

Mr. Mockabee: No, I find no fault with that. It appears that the plaintiff is trying to purge itself before it got to trial.

There are other aspects of the counterclaim and probably some others on, particularly the Silberman patent situation, which are really more within the knowledge of Mr. Graham than they are of me and at this time I request permission for Mr. Graham to make a few remarks with regard to them.

One of the prior art patents—

The Court: Now, you are going to start offering some proof? I mean you are through with your opening statement?

Mr. Mockabee: I am going to discuss some of these patents, yes, sir, your Honor.

The Court: Well, let us do it that way. I haven't any objection to you as an attorney pointing out things for me to look at in these patents but I wanted to know when this opening statement was finished and when you are going to start talking about presenting a defense. [359]

Mr. Mockabee: I will consider this the close of my statement.

The Court: All right.

Mr. Mockabee: I am possibly more confused than you are, your Honor.

One of the prior art patents is Sundback '884, which has been marked for identification, has it not?

The Clerk: No. Do you want me to mark the whole group of your prior art all at once so you can refer to it by number?

Do you have it in a bound volume, or are they separate?

Mr. Mockabee: I will have to straighten it out for you.

The Court: Do you have them in the order in which you are going to refer to them?

Mr. Mockabee: Not to hand to the clerk right at the moment, no, sir.

The Clerk: Do you want to give the first number to the Sundback?

Mr. Mockabee: Sundback 1,331,884.

Mr. Leonard Lyon: I understood counsel to say that he had completed his opening statement. Is he testifying now, and are we going to be given an opportunity to cross examine him on the statements that he makes now?

The Court: I think what counsel has in mind doing is this. I am just guessing, certainly he is not going to testify, [360] but I think he is going to say that he offers in evidence Sundback '884—and

let's get rid of that, by the way. What is it, Defendant's E?

The Clerk: Yes.

The Court: Defendant's E received in evidence.

(The document referred to was received in evidence and marked as Defendant's Exhibit E.)

The Court: We have had testimony about it but never had it marked.

Then he is going to say that he directs the court's attention to Fig. 3, item 1, and calls my attention to various parts that work one with the other.

Is there anything wrong about that?

Mr. Leonard Lyon: I hope we don't get into the same difficulty that I experienced in Judge Cosgrove's court where the head of the defendant company wanted to be his own attorney, and Judge Cosgrove told him he had the right to do that, but he cautioned him about the difficulties that he might get into, and he went ahead anyhow, and when it came time for him to produce a witness, he announced to Judge Cosgrove that he was going to be his own expert witness. Well, that was almost too much for the judge, but he finally said, "If you will take the stand and ask yourself questions and then give answers so we can separate the questions and answers, why, that is all right." [361]

Well, we got along a little ways, and then he asked himself a question, which I objected to, and the judge asked for argument on the question, and after some considerable argument the judge over-

ruled my objection and turned to this man and said, "Now answer the question." And the fellow said, "Well, I can't remember what the question was."

The Court: I understand, Mr. Mockabee, you are not going to call an expert witness.

Mr. Mockabee: No, sir. I would much prefer to do so, but it is just financially impossible.

The Court: You have a very narrow orbit in which you can operate as a lawyer in this matter. You are not going to be able to testify. You can offer in evidence your prior art, and you can call the court's attention to diagrams and to parts of diagrams so that I can look it over, but I don't know that you can go much further than that.

Mr. Mockabee: I will do my best to stay within my bounds.

The Court: I think you could probably also say that as to Fig. 52 and Fig. 23, if the court will refer to column so-and-so, page so-and-so, of the specifications, you will see what happens, or read or call to my attention those parts of the specifications. But you are not going to be able to give your opinion as to what happens about one of these things.

Mr. Mockabee: I understand that. [362]

The Court: You are going to be stuck pretty well with what is in the drawings and the specifications and the claims. Do you understand?

Mr. Mockabee: Can I call Mr. Doble?

Mr. Leonard Lyon: Sure, we will loan you Mr. Doble if you want him.

Mr. Doble: I object.

The Court: You have the advantage that Mr. Doble doesn't have. You have the right, in a way, to argue, except you should postpone that argument until the time the case is closed.

Mr. Mockabee: I understand that.

The Court: We will take a recess at this time.

(Recess.)

The Court: All right.

Mr. Mockabee: There has been some discussion of Sundback '884 previously, and I will take that up at this time. That is Defendant's Exhibit E. On sheet 11, Fig. 19——

The Court: I don't see that the sheets are numbered.

Mr. Mockabee: Right under the date of the patent, your Honor.

The Court: All right. I see it.

Mr. Mockabee: There is shown a metal strip 1 in which is located a series of five slide fastener elements, some of which are partially formed and the right-hand element of which [363] is illustrated astraddle the bead 44 of a zipper tape. This particular element is shown with the usual recess-projection formation, which is unnumbered, but indicated by a double lined rectangle with rounded corners.

This patent, which issued in 1920, teaches the idea of forming slide fastener elements from a strip in end-to-end relationship, and they are shown in Fig. 19 to be held in a fixed position until they are placed astride the rib 44 of the fastener tape.

In this patent there is no mention of maintaining the leading element integrally connected with the material of the strip until it reaches the tape at the point where Poux teaches final severance and clamping, but it does show the maintenance of position until that point is reached and the element is clamped.

Mr. Leonard Lyon: I beg your pardon. I don't like to interfere so early in Mr. Mockabee's statement, but it seems to me he is right away getting into—instead of showing us where something is stated in the patent by calling attention to a figure of the drawing, or a line or lines in the specification, he is giving his opinion about what the patent teaches.

I think he used the word "teach."

Mr. Mockabee: Do you think that I have mentioned anything that doesn't appear in the patent?

Mr. Leonard Lyon: I just don't want you to get into bad [364] habits, because I am afraid you will.

Mr. Mockabee: I am trying to be very careful not to do that.

Mr. Leonard Lyon: We haven't any chance to cross examine, and therefore I thought your Honor indicated very definitely the limits of the statement.

The Court: Yes. It will have to be limited.

There is a difference in different kinds of statements. If there was an admission that nothing appeared in a patent on a certain matter, such as you just made a minute ago, that nothing appeared in the patent about holding the leading element into position until the clamping occurred, that is not

objectionable, because that is an admission against your interest. But a similar statement that nothing appeared in the patent on some other point would be clearly your conclusion, unless it was made as an admission, and then it gets you into the field of doing more than testifying.

Of course you could offer all these patents in evidence, and then at the time of argument you could go further in the argument than you could in the record.

Mr. Mockabee: I would like to point out a few things. I was trying to be helpful, and I think the only place where I may have stepped beyond the bounds was where I did admit that a certain element of the Poux method was not disclosed.

The Court: That is all right. That is an admission there [365] against your interest, in a way; you are admitting the limited scope of Sundback.

Go ahead. Let's see how we can get along.

Mr. Mockabee: That patent has been offered in evidence, hasn't it?

The Court: It has been received.

The Clerk: The court received that in evidence before the recess.

Mr. Mockabee: Sundback No. 1,947,956.

The Clerk: I will mark that as Defendant's Exhibit F.

The Court: Received in evidence.

(The document referred to was received in evidence and marked as Defendant's Exhibit F.)

Mr. Mockabee: This patent, while issued in 1934,

is based upon an application dated December 19, 1928. On sheet 2 of that patent, Fig. 6, is an exploded view showing a head 15, and quoting from the specification, page 2, column 1, beginning line 52:

“The press has a suitable head 15 which is mounted for reciprocation toward and away from the bed 10, and this head carries punches 16 and 17, which are aligned with the die openings 11 and 12 of the bed, and punch 18, which is aligned with the die recess 14, and which has a point which conforms to the recess 2 of the fastener element. [366] The head 15 also has a punch 19 which is in alignment with and conforms to the die opening 13 of the bed.”

I beg your pardon. I referred to Fig. 6 of sheet 2. It is Figs. 5 and 6 considered together.

Fig. 5 shows a strip, and it shows punches formed in that strip. These punched formations being located beneath the punch elements 16, 17, 18 and 19.

I now offer in evidence patent No. 1,533,352, issued to Smith.

The Court: It will be Exhibit G received in evidence.

(The document referred to was received in evidence and marked as Defendant's Exhibit G.)

Mr. Mockabee: This patent is directed to a method of making paper box fasteners and issued in 1925. It shows a strip of stock 20, and in Fig. 2 there is a perspective view of the stock material illustrating in progressive sequence the various

punching operations performed thereon to make a box fastener.

The Court: Now, the significance that you have attached to this one is the fact that it shows that metal units can be cut off by a punching method. There is nothing here about fastening it on.

Mr. Mockabee: I am going to get to something on that in the specification.

The Court: In this patent? [367]

Mr. Mockabee: Yes.

The Court: All right.

Mr. Mockabee: Figs. 4 and 5 show a die head 26 which carries on its underside several male dies which are adapted to cooperate with a female die or die plate 27. [368]

In order to bring out a point in the specifications it will be necessary to quote from page 2 and I believe we can start on column 2 at about line 108.

Some previous operation upon the strip has been described, your Honor, and rather than go through the whole series, which is illustrated in the drawing, I will start at line 118:

“The next operation is performed by raising the strip and advancing it forwardly to position the two pairs of prongs 12 and 14 in register with a second pair of rectangular openings 33 in the die plate 27.

“This locates the outer or lower end of the fastener directly over a small male die 34 in the die plate 27, which male die 34 is conformed to punch out the pointed tip of the tongue 11 from the outer end of the outermost fastener unit.

“Co-operating with the die 34 is a spring pressed plunger 35 which is shaped similarly to the die 34 and which is embraced by a female die member 36 which is adapted to move down over the margins of the male die 34 and perform the operation of punching out the end of the tongue 11.

“In the performance of this latter punching operation it will be noticed that the adjacent pairs of prongs 12 and 14 are thrust downwardly into the pair of openings 33 and are thus prevented from being turned over or injured. [369]

“The fasteners may be secured directly to the body of the box at this point or may be discharged into a hopper for packing.”

I would like to now offer a soft copy of Johnson patent No. 1,731,667.

The Court: What are you offering?

Mr. Mockabee: I am afraid we are out of duplicate copies on this Johnson patent, your Honor. I don't believe I have a duplicate of it.

The Court: Does the plaintiff have a book of patents that they are going to put in later?

Mr. Leonard S. Lyon: No. I don't think we have quite the same patents in any particular book that Mr. Mockabee is referring to.

Mr. Charles W. Lyon: We have all the patents pleaded in the answer and cited in the file wrapper in these two books.

The Court: What is the number of the Johnson patent?

Mr. Mockabee: 1,731,667.

Mr. Leonard S. Lyon: We have a set of books

made up here. It might help your Honor if I hand them to you. They are volumes 1 and 2 and they contain copies of all the patents cited in the Patent Office and the file wrapper and those referred to in the defendant's answer. [370]

Mr. Charles W. Lyon: "Answer" is a mistaken word there, Leonard. There were no patents set up in the answer. They were elicited from them on an interrogatory.

Mr. Leonard S. Lyon: Yes, that is right.

The Court: Johnson patent No. 1,731,667 will be received as Exhibit H.

(The document referred to, marked Defendant's Exhibit H, was received in evidence.)

The Court: Now, if I can find it here counsel can have the original.

Mr. Charles W. Lyon: They are in alphabetical order, your Honor.

The Court: I have found it.

Mr. Mockabee: Your Honor, I might explain I didn't receive this art until just a very short time ago. I ordered duplicate copies of patents, some of which I received from Washington and some I have not.

The Johnson patent issued in 1929 and discloses a method of making and attaching fastener elements.

In Figure 6 there is illustrated a plan of a portion of a strip of the fastening elements before they are attached and showing how they are connected.

On page 2, column 1, beginning at line 5 it is stated:

"The object of forming the fastener elements in strips is to provide for accurate spacing of the [371] elements upon the part which carries them so that they will make positive engagement with co-operating fastener elements with the least possible amount of effort when the slider 5 is moved along the two rows of fastener elements.

"This method of attachment is also very simple and the fastener elements are very easy to handle when provided in strips."

Without discussing it, your Honor, that is all I have to say.

The Court: Is there anything in this patent that shows how these strips were made or do we just assume they were made and then it shows how they were fastened?

Mr. Mockabee: It says "The strip is thereafter pressed into the form". Oh, no, pardon me.

"The strip 8 may be formed and attached in any suitable manner."

That is all it says there. But this is not a patent, pardon me, this is a patent method.

The Court: All right.

Mr. Mockabee: Your Honor, I am a little bit stuck here because I can't open my mouth without going into these patents and if you will, as you indicated, close early today I would appreciate it a great deal because I think I could change my thoughts on talking a little bit about these [372] patents.

The Court: How many more patents do you have?

Mr. Mockabee: Oh, there are probably a half a dozen more at least.

The Court: Well, you probably over the evening can work it out.

Mr. Mockabee: That is what I meant, yes. Every time I open my mouth I want to start discussing them.

The Court: All right, we will take an adjournment until 9:30 tomorrow morning. Mr. Graham will be here at 9:30?

Mr. Mockabee: Yes, he is expected here early tomorrow morning.

The Court: Very well, we will recess until 9:30 o'clock tomorrow morning.

(Whereupon, at 3:40 o'clock p.m. a recess was had until 9:30 o'clock a.m., Friday, March 4, 1955.) [373]

Friday, March 4, 1955; 9:30 A.M.

The Court: Call the case.

The Clerk: No. 10450 Civil, Talon, Inc. vs. Union Slide Fastener, Inc. for further trial.

The Court: You may proceed.

Has Mr. Graham arrived?

Mr. Mockabee: I was just going to say, Judge Carter, this is Mr. Graham whom I believe you met at the pretrial hearing.

The Court: Has he been admitted for the purpose of this case?

Mr. Mockabee: Yes, at the time of the pretrial.

Mr. Graham: Yes, your Honor, at the pretrial conference.

The Court: All right.

Mr. Mockabee: Continuing with the offer of prior art patents on the part of the defendant, I wish to offer in evidence a soft copy of the patent to Hommel, 1,659,266, February 4, 1928.

The Court: It will be received as Exhibit I.

(The document referred to, marked Defendant's Exhibit I, was received in evidence.)

Mr. Mockabee: This patent relates to a machine for forming metal fasteners and includes a description of the manner of their formation. [376]

It includes a metallic ribbon feeding mechanism. It also shows a base 27, a shaft 119, a ram 38.

The Court: You are looking at Figure 3, are you not?

Mr. Mockabee: I was referring at that time to Figure 4, your Honor, where I think those parts are more clearly set forth.

The Court: Figure 4 is a very small figure.

Mr. Mockabee: Figure 3, I beg your pardon. And as indicated on Figure 2 an element 124 which connects the ram to a bearing on the shaft 119.

The ram carries a mechanism in the form of a die forming member 41 and 42, and there is shown in Fig. 5 in cross section a wire 32 about which a portion of the metallic ribbon is bent or crimped. Then referring to Figure 7, the end of the metal ribbon designated 28 in that figure, is shown in dotted lines above the wire and in full lines bent at approximately right angles over the wire and then below that the bent portion of the metal rib-

bon is shown in its final crimped or clamped shape about the wire.

A showing of the finished fastener element is in perspective in Figure 9. [377]

Also offered as Defendant's Exhibit J is a soft copy of the patent to Binns 2,026,413.

The Court: It will be received in evidence as Defendant's Exhibit J.

(The document referred to was received in evidence and marked as Defendant's Exhibit J.)

Mr. Mockabee: This patent shows cam actuated jaw closing members 50.

The Court: What figure are you looking at?

Mr. Mockabee: I ran out of copies of that.

The Court: You take it, and I will get it out of this book. You keep it. I can look at this one here.

Mr. Mockabee: It is on sheet 16, Fig. 38.

The Court: It shows what?

Mr. Mockabee: Cam actuated jaw closing members.

The Court: I don't see the figure 50. What you have circled is 489.

Mr. Mockabee: I beg your pardon, your Honor. It is 504 at the bottom of the page.

The Court: All right.

Mr. Mockabee: Those members 504 extend down at the lower part of the page.

A ram 18 carrying forming tools 22, 23 and 24. This patent also shows a finger 47 for positioning a formed element relative to the tape wherein the

finger is carried [378] by a member slidably mounted and having a slanted cam surface on its end in contact with a cooperating cam surface on the lower end of a cam rod, which is carried by the ram 18.

This latter construction, your Honor, is not on that same figure.

The Court: That doesn't mean anything to me from what I have seen from looking——

Mr. Mockabee: I got a little mixed up looking at this patent here.

The Court: (Continuing) ——from looking at Fig. 38. If you want me to understand it, you will have to point out more than that.

Mr. Mockabee: I was confused with a different patent.

The Court: Are you going to start over again?

Mr. Mockabee: We will ignore the description of Binns. I was confused with the following patent that I was going to introduce.

The Court: Are you now going to describe Binns?

Mr. Mockabee: Yes.

The Court: All right.

Mr. Mockabee: It shows the cam bar 504 on sheet 16, Fig. 38, which engage through cam surfaces 506 on the cam bar. That is an arcuate portion in about the center of the figure, an arcuate cut-out.

The Court: Yes, I see it. [379]

Mr. Mockabee: Within which rides a cam 495.

The Court: Yes?

Mr. Mockabee: On the jaw closers 485, 489. The

jaw closer assembly is two elements, 485 and 489.

The Court: Yes. [380]

Mr. Mockabee: I now wish to offer a soft copy of the patent to Taberlet, 2,294,253 as Exhibit K.

The Court: Received in evidence as Defendant's Exhibit K.

(The document referred to, marked Defendant's Exhibit K, was received in evidence.)

Mr. Mockabee: This is the patent which has jaw closing members 50.

The Court: What figure are you looking at?

Mr. Mockabee: The first figure there.

The Court: Figure 1. All right.

Mr. Mockabee: With a ram 18 which carries forming tools 22, 23 and 24.

Also offered is another patent as Defendant's Exhibit L.

The Court: The forming tools are shown in Figure 2.

Mr. Mockabee: Yes, your Honor. In further respect to that patent, in Figure 2, there are cam surfaces slanted on a member which reciprocates horizontally and engages one of the elements on the tape to hold that element in position while it is being fixed.

Defendant offers as Exhibit L——

The Court: From a reading of this patent what field is this in? Is it a fastener? Is it a fastening machine? What type of field is it in?

Mr. Mockabee: That is a slide fastener machine, your Honor. [381]

The Court: It is a slide fastener?

Mr. Mockabee: Yes.

The Court: To make zippers?

Mr. Mockabee: Yes.

Defendant offers as Defendant's Exhibit L a soft copy of the Wintriz patent.

The Court: How do you spell that?

Mr. Mockabee: W-i-n-t-r-i-z, 2,201,089.

The Court: Received in evidence as Defendant's Exhibit L.

(The document referred to, marked Defendant's Exhibit L, was received in evidence.)

Mr. Mockabee: This patent issued in 1940 and discloses a method and machine for making slide fasteners.

For purposes of conciseness references made to a recitation of the operation as in claim 15 on page 11 beginning on line 74.

The Court: Claim 15, page 11?

Mr. Mockabee: Yes, your Honor. It is stated that the severing and clamping operations are performed at about the same time.

Then again referring to claim 46 on page 16, beginning at line 2 there is recited:

"And means to clamp the jaws of the end-most element [382] to the tape as it is severed from the wire."

The Court: What is this? It starts out as a piece of wire stock and then it is meshed into shape.

Mr. Mockabee: The form is what they call embryos—partially formed elements previous to the final operation.

The Court: You mean they are partially formed and then put through the machine?

Mr. Mockabee: Yes, sir, in a different part of the machine and they are not formed at that point.

The thing I wish to point out there is the relationship between the severing of the formed elements and their application to the tape.

The Court: All right.

Mr. Mockabee: Defendant offers as Exhibit M a copy of the Sundback patent 1,467,015 granted in 1923.

The Court: Received in evidence as Defendant's Exhibit M.

(The document referred to, marked Defendant's Exhibit M, was received in evidence.)

Mr. Mockabee: On sheet 7 of the drawing are shown clamping members 47.

The Court: Just a minute. All right.

Mr. Mockabee: Which have levers 69 connected thereto and these levers are engaged by cams 72 which actuate or operate the element clamping members. [383]

The Court: All right.

Mr. Mockabee: I wish to offer a soft copy of the patent to Murphy as Defendant's Exhibit No. N.

The Court: It will be received in evidence.

(The document referred to, marked Defendant's Exhibit N, was received in evidence.)

Mr. Mockabee: This patent No. 1,664,480 was issued in 1928.

In Fig. 1 it shows a base 2, a ram 11, a crankshaft 3, a connecting rod 9 and in Figs. 4 and 5, a

forming punch 13 on the ram 11 and a finish forming and cut-off punch 14 also carried by the ram.

The Court: You say in Figure 4 and 5?

Mr. Mockabee: Yes, I believe that is correct.

The Court: Read that statement back, Mr. Reporter.

(Statement read.) [384]

Mr. Mockabee: I wish to offer in evidence as Defendant's Exhibit O a soft copy of Loew, patent No. 2,444,706.

The Court: Received in evidence as Exhibit O.

(The document referred to was received in evidence and marked as Defendant's Exhibit O.)

Mr. Mockabee: The application for this patent was filed prior to that of the Silberman patent in suit.

Mr. Leonard Lyon: I might say, your Honor, that the evidence that has been given by Mr. Meech, and evidence that will be given in rebuttal, show that this patent does not antedate the actual making of the invention by Silberman.

Mr. Mockabee: Your Honor, I am not permitted to discuss the merits or the rights or the claims to the dates of invention at this time. I am going by what is on the faces of those patents.

The Court: It is your contention that the filing date of August 12, 1944, antedates the issuance—

Mr. Mockabee: The filing date of the Silberman patent.

The Court: —the filing date of the Silberman?

Mr. Mockabee: Yes, which was filed the following month, in September of the same year.

The Court: What is this rebuttal going to show, Mr. Lyon?

Mr. Leonard Lyon: I am not objecting to——

The Court: What is your rebuttal going to show?

Mr. Leonard Lyon: It is going to show that Mr. Silberman made his invention prior to the filing date of this Loew patent. In fact, Mr. Meech already has testified that he saw the machine at Mr. Silberman's plant earlier than this filing date.

Mr. Mockabee: Until you have some proof with regard to that, your Honor, I am standing, at this point, on the respective filing dates.

The Court: Wait just a minute.

All right. What about Loew?

Mr. Mockabee: It discloses a machine for forming slide fasteners and includes a punch 6 with which the underlying die 4 forms the recesses and projections of a slide fastener element. It shows a punch 21, which notches and severs the material of the element, and it shows a cam 34 for one of the jaw closing members 33. The severing punch and the jaw closing cam are both carried by the ram 1.

The patentee states, "In order that the element"——

The Court: Where are you reading from?

Mr. Mockabee: I beg your pardon. I would have to check that.

The Court: Well, it is a short patent. Go ahead and read it.

Mr. Mockabee: The fact is, your Honor, that I was a little bit late in getting prepared on some of these prior [386] patents, of which I did not have duplicate copies and have not yet received them from the Patent Office, and I was in the office 25 minutes to 5:00 this morning trying to get this better organized, and I haven't quite done it, I can see.

The Court: Read what you have in mind.

Mr. Mockabee: I will have to borrow your copy of the patent.

The Court: You were going to read something.

Mr. Mockabee: I haven't a copy of it.

The Court: Read it subject to correction. We will assume you are reading it from the patent.

Mr. Mockabee: "In order that the element that is to be cut off be held stationary, while it is being attached to the tape, the cams that close the hammers now engage the said hammers so that the closing of the element jaw upon the tape takes place before the shearing off of the element is completed."

The Court: Well, that begins at page 2, column 1, line 70, "In order that the element * * *"

Mr. Mockabee: Yes.

I was trying to make the notation and get the citation and do it before breakfast, and I had a little trouble doing it.

The Court: All right. Who owns this patent?

Mr. Mockabee: As far as I know, it is owned by Sigmund Loew. [387]

The Court: You don't know whether the machine is being made?

Mr. Mockabee: I do not. Testimony may bring that out.

Mr. Graham: If I may interject a remark, Mr. Lipson tells me that he has a license, Union Slide Fastener Company, the defendant in this action, has a license under the Loew patent.

The Court: Is that going to be introduced in evidence?

Mr. Graham: That will be introduced in evidence.

Mr. Charles Lyon: In that connection, your Honor, I might point out that there has been a lawsuit between Mr. Sigmund Loew and the Union Slide Fastener Company over that very matter, which was settled by an arbitration.

The Court: All right.

Mr. Mockabee: I think that completes the prior art. We would like to submit, possibly, some copies of some of the others, merely to show the general state of the art, at a later time.

Mr. Charles Lyon: While we are at this intermission, your Honor, yesterday we offered as Plaintiff's Exhibit 13 Sundback 1,467,015. I didn't have a loose copy to hand to the court, and the only way I can get one would be by taking one of these books apart, and the same patent has been received in evidence as Defendant's Exhibit M. I don't see any [388] point in having it in twice. So can we withdraw Plaintiff's Exhibit 13?

The Court: Or we can mark the same exhibit with both exhibit numbers.

Mr. Charles Lyon: All right. So I won't have to take one of those books apart.

The Court: That is Exhibit M and exhibit what—13?

Mr. Mockabee: Plaintiff's Exhibit 13.

The Court: —are the same. All right.

Mr. Mockabee: If the court please, would it be possible to call a 15- to 20-minute recess for the purpose of letting Mr. Graham complete his preparation for the cross examination of Mr. Meech?

The Court: Yes, we can take a recess. You are going to be hurried next week.

Mr. Mockabee: Mr. Graham didn't arrive at the airport until 7:00 o'clock this morning and I have had about five minutes time talking to him.

The Court: I understand. I will grant you the recess.

He could have been here the day the trial started, and he could have been here the week before.

Mr. Mockabee: I don't think his commitments made it possible.

The Court: I don't know what his commitments are, but this case has been set for a year on this date. [389]

I am going to grant you your recess, but this time we waste, we are going to move along.

Mr. Mockabee: We will do everything we can to proceed as promptly as possible.

The Court: All right. We will take a short recess.
(Recess taken.) [390]

Mr. Charles Lyon: If the court please, in reading the transcript of yesterday's proceedings, on page 324 of the record there is, I believe, a typographical error in line 9, as my question to the witness was, I am quite certain and I believe the context of the preceding and succeeding testimony will show. I referred to June 1944 and the record has it as June 1945.

I wonder if we may have a stipulation and the record may be corrected in that regard?

The Court: All right.

Mr. Graham: I am not familiar with it, your Honor. Mr. Mockabee would be able to answer that. He just went out for a short while.

If you will reserve that I am sure he will stipulate to it.

The Court: All right, let us proceed.

Mr. Graham: If your Honor please, I don't want to take up the court's time with explanations or apologia.

It is a fact that I have been in this case for some time. However, it has also been understood between myself and Mr. Lipson, that Mr. Fulwider was to handle the trial of this action.

Throughout the defendant has been handicapped financially and Mr. Fulwider, as he had the right to do, withdrew from the case only a couple of months ago. [391]

Then Mr. Lipson hired Mr. Mockabee and told me that because of the expense involved that he would prefer to have Mr. Mockabee attend the trial.

Just before the trial started on Tuesday I wrote

to Mr. Lipson and said in spite of his financial difficulties if he felt that he needed me I would be glad to come out here and here I am.

I am at some disadvantage, not having—I am at some disadvantage in being about to cross examine a witness whose testimony I did not hear.

However, I have notes made by Mr. Lipson and by Mr. Mockabee and some of my own notes and I think that if you will bear with me I will try to be as brief as possible and as direct as possible.

The Court: You have another alternative. If you want to go ahead with other parts of the defendant's case you may do so. You will have the weekend in which to read the testimony and then conduct your cross examination on Tuesday, if you have other witnesses to go forward with. Just suit yourself.

Mr. Graham: I think we might just as well go forward, your Honor. Thank you for the opportunity.

The Court: Mr. Meech. [392]

RALPH E. MEECH

a witness called by the plaintiff, having been previously sworn, resumed the stand and testified further as follows:

Cross Examination

Q. (By Mr. Graham): Mr. Meech, I believe that you have testified that you first met Mr. Silberman, the inventor of the Silberman patent in suit, in the spring of 1944.

(Testimony of Ralph E. Meech.)

A. That is correct. I would say around April.

Q. And at that time you stated that Mr. Silberman had three operating machines?

A. That is correct. They were operating and producing stringer tape at the time I saw them.

Q. And were those machines substantially the same as the machine shown in the Silberman patent in suit? A. That is correct.

Q. Where were those machines located, Mr. Meech?

A. Those machines were located—I don't know the address, the correct address but in Cooper Square in New York City.

Q. In the office of some company?

A. Now, I don't know whether it was an office of a company or not or whether Silberman had a company at that time. It may have been Kap-Tin Development Company. I do not recall the name of the company. [393]

Q. But it was Mr. Silberman's place of business? A. That is correct.

Q. And did you inspect those machines? See them operate?

A. Yes, they were operating and producing tapes.

Q. Did you ask Mr. Silberman who had built the machine? A. I did not.

Q. Did you know who built them?

A. I did not.

Q. You weren't at all interested in who built the machines?

(Testimony of Ralph E. Meech.)

A. I presumed that Mr. Silberman had built the machines but I, of course, did not know for sure that he built them, no.

Q. Did he ever say anything about the machines having been built at the—or assembled at the Herod Fastener Company? A. No, he did not.

Q. Just outside of Philadelphia?

A. I knew nothing of the Herod Manufacturing Company.

Q. Did you know anything of the Southern Engineering and Metal Products Company?

A. I did not.

Q. Did you know whether Mr. Silberman had any employees at that time? [394]

A. The only employee I knew at that time that he had was, I think he was secretary of the company and he was an attorney of the name of Max Greenberg.

Q. Did Mr. Silberman ever mention to you the name of John Havekost? A. He did not.

Q. Did he show you any drawings of these machines? A. No, he did not.

Q. He just showed you the machines and you inspected them? A. That is correct.

Q. What was the purpose of that visit and that inspection, Mr. Meech?

A. The purpose of that visit was to formally notify Mr. Silberman of the existence of certain patents owned by our company and that we intended to protect those patent rights that we owned.

(Testimony of Ralph E. Meech.)

Q. Did you tell him that he was infringing on any of those patents?

A. I do not recall. I may have at that time and I may not have. I do not recall.

Q. Well, after you inspected the machines did you feel that they were infringements?

A. Yes, I did.

Q. What particular patent or patents? [395]

A. One of the patents in suit—that is namely the Poux patent '017 and others belonging to our company.

Q. Did he discuss the question of his or your assertion that he was infringing?

A. In a broad way but I think at that time he had an opinion from his attorney.

Q. Do you think he had an opinion or do you know that he had an opinion?

A. I do not know. I just assumed that he did have from the way he talked.

Q. Did he admit that he was infringing?

A. No, he did not admit that.

Q. Did he deny that he was infringing?

A. He didn't deny or didn't admit, neither one.

Q. Well now, following that conference did you have any other talks with Mr. Silberman regarding Talon taking over his machines?

A. At that time we had numerous meetings, after that, for the purpose of negotiating and following those negotiations an agreement was entered into the following year. [396]

Q. Is that agreement in evidence?

(Testimony of Ralph E. Meech.)

A. Yes, it is.

Mr. Leonard Lyon: Exhibit 7, I think.

The Court: That is Exhibit 7 in evidence, an agreement of July 16, 1945. It was superseded by a further agreement, Exhibit 8 in evidence of April 18, 1949.

Mr. Graham: Thank you.

Q. (By Mr. Graham): Now, under the terms of the agreement in evidence as Exhibit 7, was a license granted by Silberman to Talon?

A. That is correct.

Q. For the use of his machines?

A. That is correct.

Q. And was there an option in that agreement for Talon to buy any invention or any patent that might mature from his application for patent?

A. I don't recall whether it was part of that agreement or whether it was a separate option agreement, but there was an option.

Q. There was an option?

Mr. Charles Lyon: I think we offered the option as part of Exhibit 7, if I recall correctly, your Honor.

The Court: Just a minute.

No. The option is contained—what you are talking about is contained in No. 8. Exhibit 7, unless there is some terminology [397] that talks about option—Exhibit 8 has a page called "Option" attached to it.

Mr. Graham: I think we can pass the point, your Honor.

(Testimony of Ralph E. Meech.)

The Court: All right.

Q. (By Mr. Graham): Before this agreement of July 16, 1945, did you discuss with Mr. Silberman whether or not he had an application for patent on the machine that he showed you?

A. I discussed it with him and he said that he planned to apply for an application. I don't believe that the application was filed at that time.

The Court: Wait just a minute.

Mr. Graham: Shall I go ahead, your Honor?

The Court: No. Just a minute. I am trying to figure something out here.

Exhibit 8 runs from page 43 to 56 inclusive of the Answers, is that right?

Mr. Charles Lyon: That is the way I understand it, your Honor.

The Court: Exhibit 7 runs from page 57, I have listed here, to 65. Now there follows some other material with some dates in '48, and so forth, beginning at page 66, that is obviously not a part of Exhibit 7. Is that right? Exhibit 7 is dated July 16, 1945, obviously page 66 and following, 66 bearing the date of June 3, 1948, couldn't be a part of Exhibit 7. [398]

Mr. Charles Lyon: You are correct.

The Court: All right. Go ahead.

Q. (By Mr. Graham): Did the agreement of July 16, 1945, provide for payment of a royalty by Talon to Mr. Silberman?

A. It is hard to answer these questions without a copy of the agreement before me.

(Testimony of Ralph E. Meech.)

The Court: Well, the agreement speaks for itself.

What was your question—a royalty which way?

Mr. Graham: Was a royalty payable by Talon to Silberman.

The Witness: No, there was no royalty payment from Talon to Silberman that I recall.

Q. (By Mr. Graham): By that agreement?

A. That's right.

Q. At that particular time when the agreement was made, is it a fact that Talon had decided not to sue Mr. Silberman for infringement of Poux patent '017?

A. There was no decision one way or the other, whether they would sue him or not sue him. We were trying to be fair with him and offer him a license under these patents that we felt in our opinion that he was infringing, and which he of course acknowledged by taking a license that he did infringe.

The Court: Well, that is a conclusion, isn't it?

Mr. Graham: I will object to that, your Honor.

The Court: It may go out. [399]

Mr. Graham: I move that the answer be stricken.

The Court: It may be stricken.

Q. (By Mr. Graham): I believe you testified that the Silberman machine that you inspected represented an improvement over other zipper manufacturing machines. A. Yes.

Mr. Leonard Lyon: I don't think this witness was put on to discuss the prior art. He did compare

(Testimony of Ralph E. Meech.)

the machine with the plaintiff's other commercial machines.

The Court: He said a lot of things that would come generally under the head that this machine was an improvement. He told about how much faster it was, and production was cheaper, and so forth. The objection is overruled. He did not, however, discuss prior art.

Mr. Graham: I don't intend to go into that.

The Court: The cross will be limited to his general statement about this superior machine.

Q. (By Mr. Graham): Will you state, Mr. Meech, in what respects the Silberman machine was in your opinion an improvement over the other machines at that time?

A. The Silberman machine as exemplified in the '793 machine, the patent in suit, was the first machine brought to my attention wherein a flat strip was fed into the machine and you got a complete zipper at the other end. In other words, the forming of the heads and projections and the forming [400] of the element and the cutting off from a complete strip that had not been pre-formed was an advancement in the industry in a high speed machine such as he had.

Q. Was the basic construction of the machine, the principle of the machine, punch press and die block operation, was that principle any different in the Silberman machine than it had been in the Sundback machine, for instance?

A. No, it was a completely new machine built

(Testimony of Ralph E. Meech.)

up. It was not a punch press type machine. You cannot employ a punch press type machine for high speed. A punch press will only operate at about 450 to 600 r.p.m.

The Court: When you talk about punch press, now are you talking about punch press in the zipper industry or are you talking about punch presses generally?

The Witness: Punch presses generally.

The Court: Will only operate four to five hundred r.p.m.?

The Witness: That is my opinion.

Q. (By Mr. Graham): At the time you inspected the Silberman machine, did Talon have an agreement with Conmar Corporation?

A. It did.

Q. And under the terms of that agreement wasn't Talon authorized to use certain of the Conmar patents which provided for a high speed operating machine? [401]

A. They were, which they never used.

Q. What?

A. They were, but they never used those patents.

Q. I think you said that one of your reasons for interest in the Silberman machine was because of its high speed operation.

A. That is correct.

Q. Was it a higher speed than the Conmar machine? A. Definitely so.

Q. By what percentage?

A. The Conmar machines at that time—in the

(Testimony of Ralph E. Meech.)

first place, the Conmar machines employed pre-formed strip. What I mean, they had a prior rolling operation on the strip which formed the heads and the projections in the strip. Their machine actually as known in the trade was not a chain machine. It was really an attaching machine, in that all that the machine did was cut the elements from the end of the strip and attach them to the tape. That machine, even for that purpose, only operated between 1,800 and 2,000 r.p.m.

The Court: I have a question.

What patent, if you know, did Conmar operate under with this machine?

The Witness: Conmar changed their operations quite frequently during the first two or three years of operation, and it is difficult to tell which one they operated under at the [402] time we gave them a license, but it was one of the Wintritz patents, possibly the one that is made of record in this case.

The Court: I am speaking of specific machines, I am talking about these machines that you just mentioned that used pre-formed strips and were an attaching machine that cut from the strip the units and attached to the tape and operated about 1,800 or 2,000 r.p.m.

The Witness: It is the type of machine shown in the Wintritz patent. I think they are of record, are they not?

Mr. Graham: The Wintritz patent is of record.

(Testimony of Ralph E. Meech.)

Mr. Charles Lyon: Exhibit L, do you mean? 2,201,068?

The Court: Is this the one you mean?

The Witness: Yes, sir, that is generally the type of machine that I am referring to. [403]

The Court: All right, go ahead.

Q. (By Mr. Graham): What was the speed of the Silberman machines that you saw in the spring of 1944?

A. The speed of that machine was somewhere in the vicinity of 2,000 r.p.m.'s.

Q. So that it didn't differ substantially from the speed of the Conmar machines?

A. Not at that time but that machine was later developed—that is groomed and a second version of the machine was developed which had a theoretical speed of 3,600 r.p.m.'s.

Q. But I am only talking now, Mr. Meech, about 1944, the spring of 1944. I am not talking about 1954.

A. At that time his machine operated at around 2,000 r.p.m.'s.

Q. And that was not substantially different from the then speed of the Conmar machine?

A. That is correct.

Q. Now eventually Talon bought the Silberman patent in suit? A. That is correct.

Q. Now, before the patent was purchased had you done any investigation with regard to the Silberman application and the prosecution of the application through the Patent Office?

(Testimony of Ralph E. Meech.)

A. Yes, I had. I had inspected the application and had [404] seen a copy of the application.

Q. Had you seen the file wrapper?

A. I had not seen the file wrapper.

Q. You didn't investigate that at all?

A. I did not.

Q. Now, at the time you were dealing for the purchase of the patent you knew that Mr. Silberman had been characterized by a United States District Judge in New York in some words to the effect, and I believe it is in the record, that he was a commercial pirate, did you know that?

A. I think I did at that time or it may have been later. But it did come to my attention.

The Court: It is not in the record except as an opening statement of counsel.

Mr. Graham: We will get you a certified copy of that opinion, your Honor.

The Court: That wouldn't be binding. It wouldn't have any evidentiary effect, what some other judge called him.

Mr. Graham: Only as to what the judge said, your Honor.

The Court: The only bearing it would have would be as to the mental attitude of the Talon company, if they knew some of these things.

It would be one of the factors that they considered or did not consider when they bought the machine but it certainly proves only what the judge said and has no bearing on the [405] direct issue in this case.

(Testimony of Ralph E. Meech.)

Mr. Graham: I understand that, your Honor. I believe the witness has answered that he did know.

The Court: Yes.

Mr. Graham: That such a statement had been made.

Q. (By Mr. Graham): Well, didn't that make you rather cautious in dealing with Mr. Silberman?

A. In what respect?

Q. Well, if you felt that he had been severely criticized by a judge for commercial piracy wouldn't you be just naturally as a matter of good business, very cautious in dealing with him—be sure what you were buying was not something that he had pirated from someone else?

A. Well, at that time we were reasonably sure that he didn't pirate it from anyone else because in our opinion he had learned his lesson and he had spent considerable amounts of money on development, which we investigated and we knew that. And as far as we knew and we still think that David Silberman is the inventor of that machine.

Q. What you have just said is your ultimate conclusions. You say you did do some investigating and that is what I would like to know. What investigating was done?

A. His employees, his place of business and his financial record.

At that time we were interested in his new machine and [406] getting our patents recognized and he had done no harm to us and I don't know that

(Testimony of Ralph E. Meech.)

we were too much influenced one way or the other by the decision of Judge Woolsey.

Q. Well, did you discuss the matter at all with the attorney who had prosecuted Mr. Silberman's application in the Patent Office?

A. Discuss what?

Q. The matter of the application, the validity of the patent and the invention.

A. Yes. We discussed it because I had to discuss it with the attorney to get access to the application.

Q. Well, did you have a full discussion with him?

A. I don't know what you mean by "a full discussion."

Q. Well, I don't want to try to tell you what you said to him. All I am asking you is what did you discuss? A. I don't recall.

Q. What subjects were discussed?

A. That I do not recall.

Q. Well, did you discuss the subject of the application? A. Definitely.

Q. And that you wanted to see it?

A. The particular thing we were interested in at that time was that——

Q. Was there any discussion between you and that attorney, and I think we should name the attorney for the [408] record, I believe it is Henry Burkitt of New York City.

Was there any discussion at that time about somebody having infringed the patent before it was

(Testimony of Ralph E. Meech.)

issued so that the application had to be made especially in the Patent Office?

A. No, no such disclosure was made to me.

Q. And you didn't know about the case—you stated you didn't look at the file wrapper?

A. That is correct.

Q. So that you really didn't make too much of an investigation then insofar as the prosecution of the patent was concerned?

A. Let me answer you this way. At that time the application had just been filed. There would be no sense in inspecting the file wrapper because there would be no action in the case.

Q. Well, the patent wasn't purchased until it was issued, was it? I am not talking about the application.

A. You are talking about back in 1944 now.

The Court: No, he is talking as of the time of the purchase of the patent.

The Witness: I am sorry.

The Court: Which was contained in the contract of 4/18/49. The patent was issued on March 16, 1948.

The Witness: Well, there was no investigation of the file wrapper at either date. I mean we had a license, naturally [408] before we purchased the patent.

The Court: Well specifically did you ask the attorney or Silberman where and in what shop these machines had been made?

The Witness: No. It was presumed they were

(Testimony of Ralph E. Meech.)

made on the premises and by his machine shop. He had his own toolmakers.

The Court: When you say it was presumed, that is what you thought?

The Witness: Yes, sir.

The Court: Was this place where you saw the machines operating a machine shop? Did it have lathes, drills and so forth?

The Witness: Yes. In all zipper plants you will find that they have usually their own machine shop connected with it unless it is what we call an assembler.

They have lathes and milling machines and other equipment for building dies and tools.

The big thing in a zipper machine is the replacement and repair of tools such as punches and dies and they have to be maintained. That is the reason they have their own machine shop.

As to any major part of a machine they will sublet that. If it is a casting they will have it made outside their own premises, but they still have to maintain a machine shop to do a job on their own machines. [409]

The Court: Well, so you thought the machine had been made in the place where you saw it operate?

The Witness: That is correct.

The Court: You didn't inquire as to who the mechanics were who made them?

The Witness: No.

(Testimony of Ralph E. Meech.)

The Court: Or in charge of making them?

The Witness: No. I had no reason to, your Honor, because I took the man's word for it.

No one said or told us anything different at the time.

The Court: Well——

The Witness: Or since then.

The Court: You are a patent lawyer, are you not?

The Witness: That is right.

The Court: When you help negotiate for the purchase of a patent—when you helped to negotiate for the purchase of this patent '793, you knew it had a filing date of September 23, 1944. You must have known that. You had seen the application.

The Witness: Yes.

The Court: Did you make any inquiry as to what date Silberman had actually made his invention and first made a model of it?

The Witness: Not as to his first date.

The Court: You are familiar with this situation that [410] you referred to as I think swearing back, aren't you—the fact that at various times inquiries will arise as to whether or not a certain invention was actually invented on some date prior to the filing date as shown in the application?

The Witness: That is right, but the only time, of course, you need that information is generally at the time of interference proceedings, which doesn't occur very often.

(Testimony of Ralph E. Meech.)

If you know where the information is located and you can put your finger on it—I mean at the time of negotiations really it doesn't mean anything, your Honor.

The Court: I can understand how it would come in in an interference proceeding but there weren't any here, were there?

The Witness: No, sir.

The Court: Now of course your testimony is that you saw these machines in April of 1944 operating?

The Witness: That is correct.

The Court: So therefore you knew, although the file date was September 23, 1944, you knew then that they were in existence in the April preceding?

The Witness: That is correct.

The Court: But did you make any inquiry as to how far back they went before April of 1944?

The Witness: No, I did not. I had no reason for doing that. [411]

The Court: Isn't there another situation that occurs in patent law in which a patent lawyer would ordinarily investigate—for instance, assuming Silberman in '793 had his machine. You saw the model in April of 1944. You knew that. And then the application was filed in September of 1944 but supposing some Joe Doakes popped up who contended that in January of 1944 he had made the same machine. Now, if he could prove that he had made the same machine in January 1944 and used it publicly so the world knew about

(Testimony of Ralph E. Meech.)

it, the Silberman patent would be out the door, wouldn't it?

The Witness: That is correct.

The Court: Did you make any investigation of that kind?

The Witness: That would be impossible to make.

The Court: Well, it would be impossible to investigate Joe Doakes because you don't know about him.

The Witness: That is correct.

The Court: But wouldn't it be entirely possible to investigate what was the starting date of the Silberman patent other than what you saw in April of 1944?

The Witness: Not particularly at that time, your Honor, for the reason all I was interested in at that time was whether or not there were any patents in the prior art which might be infringed by this structure. That would be my main object at that time. [412]

When the patentee made, or Silberman in this case, made the invention would not be important to me at that time as long as he made the invention and there was nothing in the patented art that would prevent us from using it.

The Court: All right, I am through.

Q. (By Mr. Graham): Would you also consider it unimportant, Mr. Meech, at the time that you—that your company bought the patent and paid, I believe, \$75,000 for it, wouldn't you think that such an investigation might be important at

(Testimony of Ralph E. Meech.)

that time? A. Investigation as to what?

Q. What you and the judge have been discussing.

A. No. It still wouldn't make any difference as far as I was concerned because I knew the prior art and there were no patents being infringed.

Here was a machine, the second version of the machine which was a double-header machine, which is Plaintiff's Exhibit No. 5 in the next courtroom. It was the machine which came just prior to the time we negotiated the second agreement. That was the main reason we made the deal with Silberman, because of the second machine. Again there was no infringement as far as we were concerned. He was the inventor and we made a deal with him. There was no reason for us to think otherwise. [413]

Q. Had you at that time ever heard the name of Sigmund Loew?

A. That I can't recall. I met Sigmund Loew in Meadville.

Q. When was that, Mr. Meech?

A. That I can't recall, but it was some time, I would say, around '48, '47. I could check my file and make sure.

Q. You had met him at the time you were negotiating the purchase of the patent? This is 1949 when the patent was purchased.

A. I don't recall. I don't believe I had. I can't recall correctly whether it was before or afterwards.

(Testimony of Ralph E. Meech.)

Q. I believe you stated it was 1948.

The Court: '47 or '48 he said.

Q. (By Mr. Graham): '47 or '48 that you first met Mr. Loew in Meadville.

The Court: Where is Meadville?

Mr. Graham: Pennsylvania, your Honor.

The Witness: Western part of Pennsylvania.

The Court: What happens at Meadville? Who is located there?

The Witness: Talon.

Mr. Graham: That is the plant of the plaintiff, your Honor.

The Witness: It is a town of about 20,000, your Honor. [414]

The Court: All right.

What is your best recollection now, that you met Loew at the time that you negotiated this purchase, or not?

The Witness: I would rather look at my file, I think I have it with me, during the noon hour, to refresh my recollection.

Mr. Graham: Your Honor, do you want the witness to do that now, to refresh his recollection from the file?

The Court: Well, can't we go ahead, and let him do that later and come back to it? Or will that interrupt your cross?

Mr. Graham: I'm afraid it will, your Honor.

Mr. Leonard Lyon: Where is this file?

The Court: Is the file here in the court room?

The Witness: It is downtown, that file. That is

(Testimony of Ralph E. Meech.)

the correspondence file that I have. I didn't think I would have use for it.

Mr. Graham: I will go ahead, your Honor, subject to going back to that same point.

The Court: All right. Do that after lunch.

Q. (By Mr. Graham): Had you at the time Talon purchased the Silberman patent ever heard of the Universal Button Company in Canada?

A. Yes, I had.

Q. Did you know that Mr. Loew had been connected with that company at one time? [415]

A. He was connected with the company at the time I met him, that is in an indirect manner, and was working in Walkersville, Ontario.

Q. Do you recall what the occasion was for your meeting with Mr. Loew?

A. Mr. Loew had made or developed some kind of a die for making zippers, and he met and tried to interest Talon in his invention, that is the reason he came to Meadville.

The Court: Well, do you remember when that was, that he came to Meadville?

The Witness: That was the time that I am going to check.

The Court: That you are in doubt about?

The Witness: Yes.

The Court: This die, did that have anything to do with this Loew patent that later on was received here? Strike that out.

Mr. Leonard Lyon: Exhibit O.

The Court: Exhibit O is a patent that was filed

(Testimony of Ralph E. Meech.)

in August of '44 by Loew. Has this die that you looked at anything to do with Exhibit O?

The Witness: I can't say for sure. At that time Mr. Loew said that he filed an application on it. That is the only thing that I can tell you, because I don't recall what Mr. Loew disclosed to us at that time.

The Court: You have been following the zipper patents; [416] do you know whether there are other patents to Loew, or is this the only one?

The Witness: That is the only patent that I know of.

The Court: Then we might infer that this was the application that he filed?

The Witness: There might be that inference.

The Court: He might have filed applications which were denied and never resulted in patents?

The Witness: That is correct.

The Court: All right. Go ahead.

Mr. Graham: If your Honor please, might I ask you the date of issuance of that Loew patent?

The Court: It was issued July 6, 1948.

Mr. Graham: Thank you.

Q. (By Mr. Graham): Mr. Meech, bearing in mind that the Loew patent was issued on July 6, 1948, does that refresh your recollection as to the time that you met Mr. Loew at Meadville?

A. No, it would have no bearing on it.

Q. I think you stated that he talked to you about an application that he had on file, not about a patent, but about an application?

(Testimony of Ralph E. Meech.)

A. That is correct.

Q. You don't know whether this was the application which ripened into this patent which is in evidence, you don't [417] know whether that was the same application that he was talking about to you? A. No, I don't.

Q. Did he tell you that he had more than one application on file?

A. No. He said he had an application filed, that is all.

Q. When you talked with Mr. Loew, did you have any discussion with him about Mr. Silberman or the Silberman patent?

A. None whatsoever.

Q. Regardless of the date when you met Mr. Loew, which you are going to try to find from your records, at the time the Silberman patent was purchased by Talon, had you ever heard of Mr. Loew?

A. That I can't say until I look at my records.

Q. Did Mr. Silberman ever mention him?

A. No, none whatsoever.

Q. Did Mr. Burkitt ever mention him?

A. No.

Q. Will you refresh your recollection on that point, Mr. Meech, so that we can have some more discussion about it after the lunch recess?

A. Do you mean on the date?

Q. Well, we have now the date on which you met Mr. [418] Loew in Meadville, and now I am asking you if you had ever heard of him.

The Court: That is one of the things that he is

(Testimony of Ralph E. Meech.)

going to refresh his recollection on, when it was that he met Loew at Meadville. He has said that he thought about '47 or '48, but he doesn't know. That is the occasion when Loew told him about a die and that he filed an application. Now, the other thing that you want him to refresh his recollection on is whether or not he had heard of Loew at the time he negotiated and completed the purchase of the Silberman patent by Talon; is that right?

Mr. Graham: That is right.

The Court: All right.

Q. (By Mr. Graham): Did you at any time ever hear that Mr. Loew had claimed that Mr. Silberman had stolen his invention from him?

A. I did not.

Q. You never heard that at any time?

A. I never heard that at any time.

Q. Right up to the present day?

A. I can't say that I heard that to the present day at any time.

Q. You never heard that Mr. Loew and Mr. Silberman had had heated arguments about their respective inventions? A. No, I did not. [419]

Q. Right up to the present day?

A. That is correct.

Q. I believe, Mr. Meech, you were asked by your own counsel yesterday the reasons why Talon bought the Silberman patent. I believe you answered—I am sorry, I cannot decipher the notes here, but you did have that question asked of you yesterday, is that correct?

(Testimony of Ralph E. Meech.)

A. What specifically are you referring to? I believe so.

The Court: Well, the specific question was asked by Mr. Lyon why—it is in my notes here somewhere.

Mr. Charles Lyon: Page 318 of the record, your Honor.

The Court: Why did Talon buy the Silberman patent.

The Witness: Yes.

Q. (By Mr. Graham): Do you recall what your answer was, Mr. Meech, at that time?

A. I believe so.

Mr. Graham: If your Honor please, I would like to know what that answer is, if I may, from the transcript.

Mr. Charles Lyon: 318 of the transcript beginning at line—the question is on line 13 and the answer begins on line 17.

The Court: We will take a minute to read it over. 118?

Mr. Charles Lyon: 318.

The Court: Go ahead. [420]

Q. (By Mr. Graham): Would it be correct to say, Mr. Meech, that a fair summary of your answer to that question was that the Silberman machine would make slide fasteners cheaper than any machines that had been brought to your attention up to that date? A. That is correct.

Q. And that you had spent large sums of money

(Testimony of Ralph E. Meech.)

in trying to develop a machine that would make the zippers cheaper? A. That is right.

Q. When you purchased that machine you made very little investigation about the Silberman patent?

A. I wouldn't say we made very little investigation. We knew the prior art, and we knew that there was no infringement of other patents, and that was all that we were interested in. We certainly were not going to run around the country to see if there were other inventors.

The Court: Let me interrupt.

Is 500 revolutions a minute an appreciable amount?

The Witness: Do you mean increase?

The Court: The difference of 500 revolutions a minute, is that an appreciable amount up or down?

The Witness: Yes, it is, your Honor. It is 20 per cent, which means quite a lot.

The Court: Well, in your testimony the other day, beginning at 318, one of your reasons given—page 320, line 1, [421] “The first machine did not go as fast as the present machine. I believe that machine was around 1500 RPM's. We weren't too much interested at that time.”

A few minutes ago you told me that the speed of the Silberman machine in April of '44 was 2,000 r.p.m. Now, which is right?

The Witness: It is hard to clock a machine. A machine can go 2,000 r.p.m., your Honor, and not produce a satisfactory fastener, but it will produce

(Testimony of Ralph E. Meech.)

a satisfactory fastener going at about three or four hundred r.p.m. less than what it was designed for.

The same as the second Silberman machine. The theoretical speed of that machine was 3600, but that machine could never operate successfully and commercially put out a good product at all times at a speed of more than 2500 to 2750 r.p.m.

The Court: What is your best recollection now as to what was the operating speed of the Silberman machine in April of '44 when you saw the machines operate?

The Witness: The operating speed was someplace between 1500 and 2,000 r.p.m., depending—the speed is variable, as you can readily see, but at the time I saw it it was in that range.

Later, of course—the machine that we have in court here is the second version, is not the machine, I think you understand, that I am referring to. [422]

The Court: I understand.

The Witness: That is why we finally decided to make a deal with Mr. Silberman, because of the double head type machine and its relatively high speed.

The Court: All right. Go ahead.

Q. (By Mr. Graham): Mr. Meech, at the time in 1949 when Talon purchased the Silberman patent, do you know whether any firms other than Silberman's own firm were using the Silberman machines or the Silberman method?

A. Yes, that was brought to our attention, and

(Testimony of Ralph E. Meech.)

of course we wanted to know about these other uses, because we wouldn't make a deal with him unless they were spelled out, which he did spell them out.

Q. Do you recall how many companies were using them?

A. I think they are referred to in Exhibit A and B of our agreement, are they not?

Q. I believe they are. There were quite a few of them. A. I wouldn't say quite a few.

Q. Well, half a dozen?

A. Half a dozen, I suppose.

Q. And there was at least one firm on the West Coast, and one firm—more than one firm on the East Coast? I am referring to California Slide Fastener.

A. Well, out here at that time I believe it was California [423] or Cap-Tin. I don't recall whether it was Cap-Tin first, and then they changed their name. Whether it was two or three, and then there was Union, I believe.

Q. Mr. Meech, isn't it a fact that the real reason for purchase by Talon of the Silberman patent was that almost any small organization could build a zipper machine, zipper manufacturing machine, in accordance with the Silberman method, and cut in on the business of Talon and other slide fastener manufacturers? A. It was not.

The Court: Did you use the word "Silberman" advisedly, or did you mean Poux?

Mr. Graham: I meant Silberman, your Honor.

(Testimony of Ralph E. Meech.)

The Court: Go ahead. Answer the question. Or have you finished?

The Witness: Yes, I have.

Q. (By Mr. Graham): Before you bought the Silberman patent, Poux '017 had already been purchased by Talon, isn't that correct? I mean it was not developed within the Talon organization?

A. That was developed by Mr. Poux when he was away from Talon for a few years, but we bought that patent from him when he came back with the organization. It was in application form in 1936.

Q. But it was developed by Poux when he was not [424] employed by Talon?

A. I would say yes. I don't know when he started to develop it, whether it was before he went out on his own, or afterward.

The Court: The Poux patent '017 names him as assignor by mesne conveyances to Hookless Fastener Company, Meadville. Is that one of Talon's companies?

The Witness: The Hookless Fastener Company is a predecessor of Talon. It was Hookless Fastener Company from 1913 to 1937, at which time the corporate name was changed to Talon, Inc.

Mr. Graham: Excuse me just a moment, your Honor. I want to get a date.

If your Honor please, there are a series of letters that I believe we settled on the pretrial could be admitted in evidence, although some of them are copies rather than originals. May I show them to

(Testimony of Ralph E. Meech.)

counsel for the plaintiff to make sure that that is so?

The Court: Yes.

Mr. Charles Lyon: May I have that statement? I was conferring with counsel.

(Statement read by the reporter.)

Mr. Charles Lyon: Are those the same letters that are exhibits to the Sigmund Loew deposition, being correspondence between Evans and McCoy and Union Slide Fastener? [425]

Mr. Graham: That is correct.

Mr. Charles Lyon: I think we have stipulated that into evidence already. I am perfectly willing that it should be received.

The Court: All right. We will mark them as defendant's exhibit next in order. It will be what?

The Clerk: Defendant's Exhibit P.

The Court: Let the series be called Exhibit P, received in evidence.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit P.)

Mr. Charles Lyon: Exhibit P will constitute the letters which are attached to the Sigmund Loew deposition.

The Court: I don't know.

The Clerk: I thought counsel was going to hand them up to me.

Mr. Graham: I have copies here which I will be glad to hand up. Do you want to compare them, Mr. Lyon?

(Testimony of Ralph E. Meech.)

Mr. Charles Lyon: Shall we give them numbers P-1 and P-2 and so forth?

The Court: All right. Do you have them in chronological order?

Mr. Graham: I believe so.

Mr. Charles Lyon: The first one is a letter dated May 17, 1947 from Evans & McCoy to Union Slide Fastener Company.

The Court: That will be Exhibit P-1.

Mr. Charles Lyon: In the Sigmund Loew deposition there is a——

The Court: You say the record is inconclusive. It will be a question of fact then.

Mr. Charles Lyon: I might state this on the Loew deposition. A document was introduced, of which I have a photostatic copy, and Mr. Loew would not testify whether he did or did not send the letter. He probably did not.

We just left it at that so I don't know whether it should go in or whether it should not go in. But if it does [427] go in it should be noted that no one has testified it was ever sent. It doesn't make much difference one way or the other.

The Court: What do you want to do? Do you want to admit it?

Mr. Leonard Lyon: May it be Exhibit P-2?

The Court: That is the letter you are talking about?

Mr. Charles Lyon: That is correct.

The Court: Is there any objection to it?

Mr. Charles Lyon: No, your Honor.

(Testimony of Ralph E. Meech.)

The Court: Very well, Exhibit P-1 and P-2 will be received in evidence.

(The documents referred to, marked Defendant's Exhibits P-1 and P-2, were received in evidence.)

Mr. Charles Lyon: The next I have in chronological order is a letter from Evans & McCoy dated September 15, 1947 to Sigmund Loew, president of Union Slide Fastener, P-3.

The Court: P-3 in evidence.

(The document referred to, marked Defendant's Exhibit P-3, was received in evidence.)

Mr. Charles Lyon: The next I have in chronological order is Evans & McCoy, a letter to Evans & McCoy from Union Slide Fastener dated September 23, 1947, P-4.

The Court: P-4 in evidence. [428]

(The document referred to, marked Defendant's Exhibit P-4, was received in evidence.)

Mr. Charles Lyon: The next one I have is a letter of September 26, 1947, Evans & McCoy to Philip Lipson, Union Slide Fastener, Inc. P-5.

The Court: P-5 in evidence.

(The document referred to, marked Defendant's Exhibit P-5, was received in evidence.)

Mr. Charles Lyon: The next in order is dated November 12, 1947. It is on the letterhead of Evans & McCoy to Union Slide Fastener Company. Exhibit P-6.

The Court: P-6 in evidence.

(The document referred to, marked Defendant's Exhibit P-6, was received in evidence.)

(Testimony of Ralph E. Meech.)

Mr. Charles Lyon: The next in chronological order is a letter dated November 20, 1947 to Evans & McCoy from Union Slide Fastener Company by Philip Lipson, secretary.

The Court: P-7 in evidence.

(The document referred to, marked Defendant's Exhibit P-7, was received in evidence.)

Mr. Charles Lyon: The next chronologically is a letter dated June 22, 1948 to Mr. G. S. McKee, vice-president Talon, Inc., signed Union Slide Fastener by Sigmund Loew, president.

Mr. Graham: I am sorry, your Honor, but I don't have that. [429]

Mr. Charles Lyon: Then we will withdraw that.

The Court: Was it identified in the deposition?

Mr. Charles Lyon: It was, your Honor.

Mr. Graham: Yes, it was.

Mr. Charles Lyon: It doesn't have anything to do with this case. He is just asking to borrow some tape.

The Court: Let us forget about it then. Wait a minute. Did we mark Exhibit P-8, the letter of June 22nd you were just talking about?

The Clerk: That is the one we don't need.

The Court: That is the one we don't need.

Mr. Charles Lyon: And the next one I have—I have another one. Do you have another one?

Mr. Graham: If your Honor please, the letter that Mr. Lyon doesn't consider important I do and I would like to have it identified.

The Court: All right, that will be Exhibit P-8.

(Testimony of Ralph E. Meech.)

(The document referred to was marked Defendant's Exhibit P-8 for identification.)

Mr. Charles Lyon: A letter of June 21st, 1948 to Mr. McKee from Sigmund Loew will then be Exhibit P-8.

The Clerk: Do you have a copy of that?

Mr. Charles Lyon: You have a copy of it. I might add just so that the record will be clear, that what we have here is P-1, P-2 and P-3 and right on down the alphabet to [430] the deposition of Mr. Sigmund Loew.

The Court: What are you going to do with the deposition?

Mr. Charles Lyon: It is your deposition.

Mr. Graham: I am going to file it or offer it in evidence and ask it be considered filed.

The Court: Let us by reference mark it and it will be flagged so that it can be left right in the original deposition. We will mark that P-8.

The Clerk: What did you say the deposition number was?

Mr. Charles Lyon: H.

The Court: P-8 is in evidence.

(The document referred to, marked Defendant's Exhibit P-8, was received in evidence.)

The Clerk: Shall I open the deposition?

The Court: Yes, open the deposition.

Mr. Charles Lyon: Mr. Graham has pointed out to me that he has two more letters in this case. They are chronologically out of order in the Loew deposition.

(Testimony of Ralph E. Meech.)

The first one in the Loew deposition is a letter on the letterhead of Talon, Incorporated, dated June 25, 1948 from Mr. McKee to Sigmund Loew and the last one being a letter——

The Court: That will be P-9. Do you have a copy there?

Mr. Graham: What date was that?

Mr. Charles Lyon: June 25, 1948.

Mr. Graham: I do not, your Honor. [431]

Mr. Charles Lyon: That will be P-9?

The Court: What is the letter number in the Loew deposition?

Mr. Charles Lyon: It is Exhibit I.

The Court: Exhibit I by reference, leaving it in the Loew deposition which will become Exhibit P-9.

The Clerk: They have them marked 1—and then a letter after them. They are all marked with the figure 1.

Mr. Charles Lyon: They are all 1-A, -B, -C, -D and so forth.

The Court: Is there one more letter in this series?

Mr. Charles Lyon: Yes. January 20, 1948 on the letterhead of Evans & McCoy and is addressed to the Union Slide Fastener Company. It is signed by William C. McCoy. That is Exhibit J or J-1.

Mr. Graham: I have a copy of that.

The Court: That will be P-10.

(The document referred to, marked Defendant's Exhibit P-10, was received in evidence.)

(Testimony of Ralph E. Meech.)

The Clerk: Was P-9 Exhibit I to the deposition?

Mr. Charles Lyon: Yes.

The Court: The one counsel has now is P-10 in evidence.

The Clerk: Yes.

The Court: The series P-1 to P-10, inclusive, are all in evidence. [432]

The Clerk: Counsel is offering a copy of P-10.

The Court: That is what I said. We will use his copy and put it in by reference.

Can we stipulate who these parties are? Evans & McCoy are patent lawyers for whom?

Mr. Charles Lyon: Evans & McCoy are attorneys of record in this case.

Mr. McCoy: We are attorneys for the plaintiff, your Honor.

The Court: And do I gather from this that Sigmund Loew at one time was an officer of the defendant Union Slide Fastener Company?

Mr. Charles Lyon: He was president.

Mr. Graham: That is right, your Honor, he was president.

The Court: Is he still an officer?

Mr. Graham: No, he is not.

Mr. Leonard Lyon: With reference to the deposition of Mr. Loew. He gave his address as North Hollywood. I assume that he is not available or counsel wouldn't be offering his deposition.

Mr. Graham: That is correct, your Honor. Mr. Loew is in Israel.

(Testimony of Ralph E. Meech.)

The Court: Well, are you offering the deposition now or later or when?

Mr. Graham: I will be glad to offer it now, your Honor. [433]

The Court: There is no objection to the deposition on the basis of counsel's oral representations as to where Mr. Loew is?

Mr. Leonard Lyon: None, your Honor.

The Court: All right. The Loew deposition will become Exhibit Q in evidence.

(The document referred to, marked Defendant's Exhibit Q, was received in evidence.)

The Clerk: I was wondering, your Honor, if there are other exhibits here that are attached to the deposition that have not been offered. That might be a problem.

The Court: Are there other exhibits attached to the deposition?

Mr. Charles Lyon: No, your Honor, there are not. The letters which have been offered were the only exhibits to the deposition of Sigmund Loew.

The Court: Give me a minute or two to look over some of these letters. All right.

Q. (By Mr. Graham): Mr. Meech, you are familiar with the fact that a charge of infringement on the part of the defendant in this action was made on behalf of Talon for the first time in 1947, are you not?

A. If that is what the letters or records show, yes. I have no means of telling.

Q. The letter, Exhibit P-1 does show that a let-

(Testimony of Ralph E. Meech.)

ter was [434] written on May 17 to Union Slide Fastener Company stating that Union Slide Fastener Company was using certain machines that might employ inventions under certain Talon patents?

A. I don't know. I don't have the letter. I can't tell you.

(Document handed to the witness.)

The Witness: Yes, that letter was written by Mr. McCoy on behalf of Talon.

The Court: Is it contended that that is a notice of infringement?

Mr. Graham: Not on our part, your Honor.

The Court: Is that the date you rely upon for notice of infringement, Mr. Lyon?

Mr. Charles Lyon: On the Poux patent, yes, your Honor.

The Sigmund Loew deposition will show, which has been offered in evidence, will show that Mr. Loew testified that in 1948 Mr. Silberman, who was then the owner of the Silberman patent, orally charged him with infringement of the Silberman patent and that is the date we rely upon for notice of the Silberman patent.

The Court: Then you rely upon this date for the Poux patent?

Mr. Charles Lyon: Yes. And I believe your Honor in 1947—1947 was the year that Union Slide Fastener Corporation was organized so it couldn't go very much back of that. [435]

The Court: Do you contend that that is a good

(Testimony of Ralph E. Meech.)

notice of infringement when you write a letter and say "You might be infringing?"

Mr. Charles Lyon: Mr. McCoy wrote the letter. I will let him answer that.

The Court: How about that, Mr. McCoy?

Mr. McCoy: The patent was called to the defendant's attention at that time and I would contend that that was a notice of infringement.

We were not permitted an inspection of the machines immediately. We were dealing with hearsay as to what character and kind of machine was used. It was the best information available at the time.

The Court: The point being at least you put them on notice of your claim?

Mr. McCoy: Yes, your Honor.

The Court: That at their peril they should determine whether or not they were infringing?

Mr. McCoy: Yes.

The Court: What is the date plaintiff relies upon with reference to the '093 patent?

Mr. Charles Lyon: The court means the '793 patent?

The Court: Yes.

Mr. Charles Lyon: I just gave my copy of the deposition away but in the deposition there was a meeting at the [436] Hollywood Roosevelt Hotel, that much will be made of later on this case, I believe, and during the deposition Mr. Loew testified that at that meeting Silberman told him he was going to sue him.

(Testimony of Ralph E. Meech.)

The Court: All right.

Mr. Charles Lyon: If you will look at pages 9 and 10, the last line of page 9 and the first line of page 10 of the Sigmund Loew deposition he said——

The Court: Just a minute. You said Sigmund's deposition.

Mr. Charles Lyon: I meant Sigmund Loew's deposition. And on those pages he is talking about a charge of infringement of the Silberman patent.

Now, the date of that meeting was sometime in the summer of 1948. I think that is about as close as we can date it.

The Court: All right.

Mr. Leonard Lyon: It is interesting to note they had quite an argument, your Honor and the answer on page 7 of Mr. Loew's deposition. Mr. Loew was asked:

"And you denied that you are infringing his machine?"

"A. Well, yes and no. I mean there are certain similarities and there are certain things that we in making these machines had adopted of his machine."

The Court: Let us go ahead. [437]

Mr. Graham: If your Honor please, I don't have the immediate reference but I believe either in the pretrial stipulation or in answer to an interrogatory the plaintiff has relied upon the date of the filing of the complaint as the date of notice of infringement under the Silberman patent.

(Testimony of Ralph E. Meech.)

Mr. Charles Lyon: That is the date of notice from the Talon Company but I think we are, as a matter of law, entitled to rely upon the notice from our predecessors in interest.

Actually the legal thing that matters is knowledge of the matter and not actually notice of a claim. And certainly knowledge of the patent was brought about by that notice.

The Court: We will go into that later. You may proceed.

Q. (By Mr. Graham): Mr. Meech, you are also familiar with the fact that there was subsequent correspondence between Union Slide Fastener and Evans & McCoy? A. Yes, sir.

Q. Calling your attention to Exhibit P-2, a letter dated September 15, 1947. That letter is addressed to Sigmund Loew, president of the Union Slide Fastener. Does that refresh your recollection as to whether or not you ever heard of Sigmund Loew before Talon purchased the Silberman patent?

A. It appears from this letter that I had met, possibly met or heard of Sigmund Loew before that time.

In this letter they speak of a visitation by representatives [438] of Talon. At that time we were negotiating with Union or, rather Universal Button Company.

They had requested—not exactly requested but they were inquiring, let us put it that way, about our patents and whether or not we would give Universal a license under those patents.

(Testimony of Ralph E. Meech.)

At that time our representatives were invited to go over to Walkersville, Ontario, to their plant over there, which is, of course, across the river, which they did.

At that time they inspected the button-making plant of the Universal Button.

Whether or not Loew was present or whether they met him at that time or whether this was a later visit I do not recall. It seems to me they were spaced about a year apart.

At that time Universal and Mr. Loew were not on very good terms either. But we did get, it seems—it seems that Mr. Loew had some rights that he could peddle or sell and other rights belonging to Universal but we were negotiating with Universal as a company.

Q. (By Mr. Graham): Do you recall whether Union Slide Fastener ultimately agreed to permit a representative of Talon to visit and inspect its plant here in California? A. Yes, they did.

Q. And do you remember who represented Talon on that occasion? [439]

A. Our Mr. Grosvenor S. McKee.

Q. And his visit to the Union Slide plant was sometime in the first few months of 1948; it would not appear from these letters.

A. I don't recall, but you have, I think, the information.

Q. That is in the interrogatories?

A. You have whatever evidence there is of that kind. [440]

(Testimony of Ralph E. Meech.)

Q. When Mr. McKee returned to Talon, did he make a report of his investigation?

A. Yes, he did.

Q. That report is attached as an exhibit to the interrogatories. Did Mr. McKee and you have any discussion about the Union situation?

Mr. Charles Lyon: Just a minute, Mr. Graham. So that the record may be clear, you are quite correct that that report that Mr. McKee made is attached to the interrogatories. It is Exhibit 3 to the answer to the interrogatories. Mr. Loew's testimony with respect to that, when called to his attention at his deposition, was that it was a better report of the things that took place on Mr. McKee's visit to the Talon plant than he could have made himself immediately thereafter. And I at this time offer Exhibit 3 to the interrogatories as plaintiff's exhibit next in order.

The Clerk: Is that plaintiff's answers to the defendant's interrogatories?

Mr. Charles Lyon: That is right.

The Clerk: Page 69 is that?

Mr. Charles Lyon: Page 69 is correct. I think it is two pages long, though.

The Clerk: Yes, two pages. The page is numbered 69 but page 69 consists of two sheets of paper.

The Court: All right. That will be exhibit for the [441] plaintiff next in order. What will be the number?

The Clerk: That will be Exhibit 14.

(Testimony of Ralph E. Meech.)

The Court: Received in evidence.

(The document referred to was received in evidence and marked as Plaintiff's Exhibit No. 14.)

Mr. Charles Lyon: Is there a question pending?

Mr. Graham: I believe so.

The Court: Read it.

(The question referred to was read by the reporter, as follows: "Q. That report is attached as an exhibit to the interrogatories. Did Mr. McKee and you have any discussion about the Union situation?")

The Court: Upon his return.

The Witness: Merely in a general way.

Q. (By Mr. Graham): Did that discussion cover subjects other than the subject covered in the report, his written report?

A. It is substantially what was said in the report.

Q. Did he tell you that it was his opinion that Union's machines were infringements of any of the Talon patents?

A. Mr. McKee had no mechanical knowledge, he is not an engineer, and could not tell whether the defendant's machine infringed, or Union's.

The Court: Now, that is your explanation, which should come after you answered the question.

You are a lawyer, now, and of course we know that lawyers make the poorest witnesses in the world, having been one myself.

The Witness: I know what you mean.

(Testimony of Ralph E. Meech.)

The Court: The question is, did he tell you that Union's machines infringed?

The Witness: No.

The Court: Then your explanation that you gave follows.

All right. Go ahead.

Q. (By Mr. Graham): You mean to state, then, Mr. Meech, that Talon thought that Union Slide Fastener was infringing some of Talon's patents, and when they were invited to send a representative, they sent a man who knew nothing about machinery and couldn't tell whether they were infringing or not; is that your answer?

A. Yes, I will qualify that. We did not send him for that particular purpose. Mr. McKee happened to be in California on other business, and it was suggested that Mr. McKee observe Mr. Lipson's machine at that time.

Q. At the time of Mr. McKee's visit in 1948, Talon had not yet purchased the Silberman patent, is that correct?

A. I believe the record shows that, does it not?

Q. Well, the patent was purchased in 1949.

A. If Mr. McKee's visit was in '48, you are correct.

Q. Talon at that time did not own the Silberman patent?

A. That is correct.

Q. Now, after Mr. McKee's visit, and after the purchase by Talon of the Silberman patent, did Talon request permission of Union Slide Fastener

(Testimony of Ralph E. Meech.)

to send a representative to inspect their plant again? A. That I don't recall.

Q. Well, did any representative ever go, to your knowledge, after the McKee visit?

A. Yes, they did.

Mr. Charles Lyon: Are you referring to prior to the lawsuit or afterwards?

Mr. Graham: I am speaking about prior to the lawsuit, before this suit was brought.

The Witness: Not to my knowledge before the lawsuit was brought.

The Court: Well, it is 12 o'clock.

How much more cross examination do you have, Mr. Graham?

Mr. Graham: I would say at least another hour and a half.

The Court: Will it speed up and assist you any if we take the full two-hours recess this noon instead of an hour and a half? We have been cutting ourselves down on our lunch hour and coming back at 1:30. Do you want to come back at [444] 2:00 instead?

Mr. Graham: I think that would be fine, your Honor. I appreciate that.

The Court: Will it help?

Mr. Graham: It will help, I think.

The Court: 2:00 o'clock.

Mr. Graham: Thank you.

(Thereupon, at 12:00 o'clock noon, a recess was taken to 2:00 o'clock p.m.) [445]

Friday, March 4, 1955, 2:00 P.M.

The Court: Call the case.

The Clerk: No. 10450, Talon vs. Union Slide.
Further trial.

Mr. Charles Lyon: If the court please, I understand it is agreeable with Mr. Mockabee to stipulate to a correction in yesterday's record on page 324, in line 25, to change "1945" to "1944." May that be done by interlineation?

The Court: Let me find it. I have lost my volume. Page what?

Mr. Charles Lyon: Page 324, the last line, the last figure should be 1944 instead of '45.

The Court: All right. The change will be made.

Mr. Charles Lyon: I have been asked to make a statement. I don't know that it is very material to the record, but there is an inventor in this art by the name of Wintritz, W-i-n-t-r-i-t-z, and a patent to him has been offered in evidence. There are other patents under the name of Wintriss, W-i-n-t-r-i-s-s. That is the same patentee, and he changed his name. [446]

RALPH E. MEECH

the witness on the stand at the time of recess, having been heretofore duly sworn, was examined and testified further as follows:

Cross Examination—(Resumed)

Q. (By Mr. Graham): Mr. Meech, have you had an opportunity to refresh your recollection on the date on which you met Mr. Sigmund Loew in Meadville, Pennsylvania?

(Testimony of Ralph E. Meech.)

A. Yes. It appears that I met him some time at least by 1946.

Q. By 1946? A. That's right.

Q. And you think that meeting took place at Meadville? A. I know that it did.

Q. I believe you stated that the occasion for the meeting and the subject discussed was a patent application that he had that he thought that Talon might be interested in.

A. Yes; and also a visit to our plant.

Q. On the occasion of that visit there was no discussion between you and Mr. Loew concerning Silberman or the Silberman patent application?

A. There was not.

Mr. Meech, can you give an estimate, rough estimate, of what part of the production of zipper chain by Talon is [447] represented by production from the machines constructed under the Silberman patent?

A. That question was asked yesterday, and, as I stated at that time, it was difficult to base it upon an exact percentage. It would be difficult for me to—the figure I would quote would be a guess.

Q. Is it the major portion of production?

A. No. As I stated on the record yesterday, it is not the major portion of our production.

Q. So the production of the different methods is the major portion of Talon's production?

A. That is correct.

Mr. Graham: If your Honor please, I want to make reference to a number of exhibits to interrog-

(Testimony of Ralph E. Meech.)

atories propounded by the defendant and answered by the plaintiff. I think probably the witness should have a copy of that document so that we will not waste any time.

The Court: You are referring to the plaintiff's answers filed under date of May 8, 1952? [448]

Mr. Graham: That is correct.

Q. (By Mr. Graham): Mr. Meech, I will call your attention to Exhibit 2, to the plaintiff's answers to defendant's interrogatories, which appear on page 68.

That document purports to be a release or an assignment dated August 22nd, 1949, and is signed by one John T. Havekost.

The Court: Are you going to offer it in evidence?

Mr. Graham: Yes, your Honor.

The Court: It will be Exhibit R in evidence.

Mr. Charles Lyon: Will your Honor please withhold receipt of that in evidence while Mr. McCoy and I confer as to whether we are going to object to it?

The Court: You may confer briefly. It will still be marked for identification.

Mr. Charles Lyon: No objection.

The Court: Received in evidence as Defendant's Exhibit R.

(The document referred to, marked Defendant's Exhibit R, was received in evidence.)

The Court: Let me read it before you start questioning the witness with reference to it.

(Testimony of Ralph E. Meech.)

All right, you may proceed.

Mr. Graham: Mr. Meech, do you recall having received a copy of this document from Mr. Silberman sometime after the date of its execution, August 22nd, 1949?

A. I don't recall where the copy came from but I know [449] a copy came to me. Whether it was from Mr. Silberman or some other place I don't know.

Q. Prior to August 22nd, 1949, had you ever heard of Mr. Havekost? A. Pardon me?

Q. Had you heard of Mr. Havekost?

A. No, I had not.

Q. Did you have any discussion with Mr. Silberman concerning a claim made by Havekost?

A. I did not.

Q. Did you know Mr. Max Lange at that time?

A. Mr. Max Lange?

Q. Yes.

A. You mean Max Lange, president of Slide-lock Corporation?

Q. That is the gentleman I am referring to.

A. Yes, I knew Max Lange.

Q. Did you know that Mr. Havekost had been employed by Mr. Lange?

A. I did know it but not—as to what time I knew it I can't recall.

Q. You don't know whether it was prior to the execution of this instrument?

A. I know it wasn't prior to the execution of this agreement. It was sometime afterward that

(Testimony of Ralph E. Meech.)

I knew of Havekost. [450] And I didn't—I never met the gentleman until the day we were supposed to have taken depositions in Jamaica.

Q. So until this document arrived at the office of Talon, sometime after August 22nd, 1949, you never had any knowledge of a claim made by Havekost?

A. I knew nothing about any prior claims.

Q. None whatsoever? A. That is correct.

The Court: Are you passing this now and going to something else?

Mr. Graham: I was just going to ask one more question—there is no point in asking the question because he says he knows nothing about it. I will pass on.

The Court: I don't understand some of the language here midway in the agreement:

“It being expressly covenanted and agreed that the payment of any consideration hereunder or the acceptance of this assignment by Silberman,” that part I understand. It is the payment by Silberman or acceptance by Silberman and then “shall never operate to raise any presumption or estoppel as to any claim or right on the part of Havekost.”

What does that mean? [451]

Mr. Graham: Well, I believe that it was intended to mean, your Honor, that Havekost gave up any claims or any right that he had to make a claim in the future, in consideration of the payment to him of \$1500.

(Testimony of Ralph E. Meech.)

The Court: "never operate to raise any presumption or estoppel as to any claim of right on the part of Havekost." It would seem to me if they are going to use Havekost's name there, this would be an estoppel against Havekost as to any claim of right. And it seems to me if they used the word "Silberman" there, it would make sense. "never operate to raise any presumption or estoppel as to any claim of right on the part of Silberman."

Mr. Mockabee: Your Honor, my personal interpretation is that, that Silberman by purchasing what he did, whatever it was, by the instrument, was not creating as against himself any prejudice or estoppel.

The Court: "shall never operate to raise any presumption or estoppel." Let's take "presumption." Never raise any presumption as to any claim of right on the part of Havekost.

Mr. Charles Lyon: If your Honor please, we are of course strangers to this document, but it has been our interpretation that that language is in there to negative any recognition that might be implied by accepting an assignment that the fellow had anything to assign. In other words, sure [452] we pay—Silberman pays Havekost \$1500 to withdraw any claim he had that he had something; but by paying him the \$1500 it is expressly understood that we are not recognizing that he had anything.

That is what that language means.

The Court: I get your views of what it means.

(Testimony of Ralph E. Meech.)

But what you think it means and what it says may be two different things.

Mr. Graham: I may say, your Honor, that I made every effort to find out who prepared the instrument, and I was never able to find out.

Plaintiff says he knows nothing about it. Mr. Havekost himself on his deposition stated that he couldn't remember the name of the lawyer.

Mr. Leonard Lyon: I think the matter will be put at rest when your Honor considers the Havekost deposition, and the evidence we will offer, which shows that Havekost never claimed to be the inventor of the Silberman machine.

The Court: Mr. Mockabee.

Mr. Mockabee: In direct response to that, we have a little different interpretation of the Havekost deposition. But I think that it should also be made clear that this instrument is not a statement by Havekost that he was not the inventor of the Silberman machine; it is an assignment of rights. One can possess patent rights in an invention without [453] being an inventor, or he can be an inventor. It does not mean that Havekost is stating that he did not invent the Silberman machine.

Mr. Leonard Lyon: If your Honor please, the evidence will show that Havekost did make some inventions on a machine, but it was a different machine from the Silberman machine. I think it is clear from his deposition and it will be clear from the patent attorney who drew up the patent.

(Testimony of Ralph E. Meech.)

The Court: All right. We will hear the evidence when we get to it. But I am just looking at these words. Here is a document signed only by Havekost, that the payment of any consideration hereunder or the acceptance of this assignment by Silberman—that is what Havekost is saying—shall never operate to raise any presumption as to any claim of right on the part of Havekost. Shall never operate to raise any presumption as to any right on the part of Havekost.

I can make some sense out of the presumption. But now it says “or estoppel.” “Shall never operate to raise any estoppel as to any claim of right on the part of Havekost.”

It looks to me like the word “estoppel” almost knocks out any merit in the word “presumption.”

If it read only “presumption,” “shall never operate to raise any presumption as to any right on the part of Havekost,” Havekost assigning that, that means that because he got the money from Silberman, or because Silberman took the assignment, [454] this shall never raise any presumption that Havekost has any right, obviously referring to this patent '793. But then the other part of it says the same course of conduct shall never operate to raise any estoppel as to any claim of right on the part of Havekost. Namely, that Havekost shall never be estopped to make his claim of right.

It looks to me like you have a document that says, as far as the presumption part, one thing, and as far as the estoppel thing another.

(Testimony of Ralph E. Meech.)

However, if it is an ambiguity, maybe it can be cleared up. Let's go ahead.

Q. (By Mr. Graham): Mr. Meech, you recall, do you not, that Talon brought a number of patent infringement suits against various companies since 1937?

A. Yes.

Q. You do?

A. Yes.

Q. Do you recall that one of the suits was brought against the Conmar Products Corporation, and in that suit the Poux patent '017 was one of the patents in suit?

Mr. Leonard Lyon: If this is material, it is material to the defendant's case. I don't want to be captious, but we are cross examining the witness on part of plaintiff's case in chief.

If it can be understood that any matters beyond that [455] cross examination are part of the defendant's case in chief, I don't want to require the witness to be called twice. But I don't want this to be considered part of the plaintiff's case in chief.

The Court: Well, I don't think this can be proper cross examination as to the case in chief, because I recall no direct questions of this witness as to these patent suits that were brought. However, Mr. Lyon has indicated that he will permit you to proceed with the understanding that this now is part of your case.

Mr. Mockabee: Your Honor, there is a bearing. The patent suits themselves bear directly upon the grant of a number of the licenses. The witness was questioned as to the grant of licenses.

(Testimony of Ralph E. Meech.)

The Court: The witness was questioned about licenses that had been given or exchanged with various parties, cross licenses and whatnot. To the extent that any of these matters that you are eliciting refer to how it happens that licenses or cross licenses were issued, then it will be, probably, part of cross examination. Is that satisfactory, Mr. Lyon?

Mr. Leonard Lyon: That is quite all right.

Mr. Graham: I don't recall that the question was answered.

(The last question was read by the reporter, as follows: [456] "Q. Do you recall that one of the suits was brought against the Conmar Products Corporation, and in that suit the Poux patent '017 was one of the patents in suit?")

The Witness: From the record it appears that suit was brought against Conmar, but as far as my own knowledge is concerned, I do not know, because I was not with the company at that time.

The Court: What record are you referring to?

The Witness: Pardon?

The Court: You say from the record. What record are you referring to?

The Witness: From the records in my office when I assumed the duties of patent counsel.

Q. (By Mr. Graham): What year was it that you were employed by the Hookless Fastener Company, predecessor of Talon?

A. From 1930 until 1937.

(Testimony of Ralph E. Meech.)

Q. And then you were re-employed at a later date? A. 1944 until—until. [457]

Q. Now, it appears from the record, Exhibit 4, to plaintiff's answers to defendant's interrogatories, filed May 8, 1952, that the suit against Conmar was filed on October 18, 1937.

You were not with Talon at that time?

A. I left in July of that year.

Q. July 1937? A. That is right.

The Court: This Exhibit 4, consisting of pages 70, 71 and 72 apparently is some summary of court actions brought in District Courts throughout the United States. Is that going to be an exhibit?

Mr. Graham: Yes, your Honor, I offer it as such.

The Court: Any objection to it?

Mr. Charles Lyon: None.

Mr. Leonard Lyon: No, your Honor.

The Court: Exhibit S for the defendant and it will be received in evidence.

(The document referred to, marked Defendant's Exhibit S, was received in evidence.)

Q. (By Mr. Graham): Do you recall, Mr. Meech, that suit was brought by Talon against Max Lange and Slidelock Corporation in 1947?

A. I do.

Q. And Poux patent '017 was one of the patents in [458] suit? A. That is correct.

Q. Do you recall how that suit was terminated?

A. That was terminated by agreement between the parties June 12, 1947.

(Testimony of Ralph E. Meech.)

Q. Was that agreement made or negotiated before the trial of the action or during the trial or after the trial?

A. It was negotiated before the trial.

Q. So that there was no trial?

A. That is correct.

Q. Of that action? A. That is right.

Q. Do you recall that in the same year and in the same court Talon brought suit——

The Court: Before you go into that, did that result in a licensing agreement?

The Witness: That is right.

The Court: Cross license?

The Witness: I believe it was a cross license arrangement where we did obtain some license or licenses under some of his applications.

The Court: All right.

The Witness: Will that agreement be in evidence?

Mr. Graham: I believe a copy is attached here. I will offer it in evidence. [459]

The Court: Well, is this the place to offer it?

Mr. Graham: No, your Honor. I was going to get to that at a later point.

The Court: All right, go ahead.

Q. (By Mr. Graham): Do you recall that in the same year, in the same court, suit was brought by Talon against the Carney Fastener Corporation?

A. I do.

Q. And Poux patent '017 was one of the patents in that suit? A. That is correct.

(Testimony of Ralph E. Meech.)

Q. Do you recall that in 1948 a suit was brought in the same court by Talon against Closurette Corporation of America? A. That is right.

Q. And Poux patent '017 was involved in that suit? A. That is correct.

Q. One of the patents in the suit?

A. Correct.

Q. Do you recall that in 1949 a suit was brought by Talon in the same court against Star Fastener, Inc.? A. Yes, sir.

Q. And the Poux patent '017 was one of the patents in that suit? A. That is right. [460]

Q. And in 1949 in the United States District Court for the Eastern District of New York, suit was brought by Talon against Waldes Kohinoor, Inc.? A. That is right.

Q. And the Poux patent was one of the patents in that suit? A. That is right.

Q. And in 1948 suit was brought by Talon against Swan Fastener Corporation in the District Court for the District of Massachusetts?

A. Let me correct you there. Suit was not instigated by Talon as such. It was filed by David Silberman and Charm as indicated on the exhibit.

We acquired the suit together with all rights relating to the Silberman patent which also included that suit at that time.

Q. Now, returning to the suit against Carney Fastener Corporation, how did that suit terminate?

A. That terminated in a consent decree entered March 21, 1949.

(Testimony of Ralph E. Meech.)

Q. Was there any agreement made between the parties in that action? A. Not that I recall.

Q. Did the action go to trial? Was the consent decree entered after the trial or before there was any trial? [461]

A. There was no trial. It was entered before trial.

Q. And in the suit against the Closurette Corporation of America, how did that suit terminate?

A. The suit was merely dismissed in that case.

The Court: Which one was that, was that the Closurette case?

Mr. Graham: Closurette Corporation of America.

Q. (By Mr. Graham): Was any consideration paid by Talon in connection with the termination of that suit?

A. There was consideration paid for attorney fees.

Q. That was paid to the defendant in the suit, the Closurette Corporation of America?

A. I don't recall whether it was paid directly to the defendant or to his attorney, but it was paid.

Q. And the amount that was paid, if you recall?

A. I believe it was \$2,000.

Q. And there was no consent decree?

A. No, there was not.

Q. And no license was acquired by the Closurette Corporation of America?

A. That is right.

(Testimony of Ralph E. Meech.)

Q. Now, do you recall how the Star Fastener suit terminated?

A. It was settled by agreement dated December 21, 1949.

Mr. Mockabee: Will you speak a little louder, please? [462]

Q. (By Mr. Graham): Was that an agreement entered into before trial or after trial?

A. Yes, it was before.

Q. There was no trial in that action?

A. Before that case went to trial. No, there was no trial.

Q. And how did the suit against Waldes Kohinoor terminate?

A. That also terminated in an agreement.

Q. And that agreement was made before any trial?

A. That is correct.

Q. Had taken place? A. Yes.

Q. Do you know, Mr. Meech, whether or not Mr. Max Lange or the Slidelock Corporation are now in business?

A. I do not know.

Q. Do you know whether or not the Carney Fastener Corporation is still in business?

A. I do not know for sure but I think that they have sold their business and are no longer active as a corporation.

Q. And do you know whether or not the Closurette Corporation of America is still in business?

A. I do not know that for a fact, but I have been told that they are not.

Q. The Star Fastener Company? [463]

(Testimony of Ralph E. Meech.)

A. Yes, it is still in business.

Q. That is still in business?

A. (No answer.)

Mr. Graham: If your Honor please, I wish to offer in evidence Exhibit 5, Plaintiff's answers to defendant's interrogatories filed May 8, 1952.

The Court: All right, Exhibit 5 running from page 73 through page 78—

Mr. Graham: No, your Honor, only to 76. 77 has to do with the Swan Fastener suit.

The Court: All right.

The Clerk: One part of Exhibit 5 appears to be in evidence as Plaintiff's 11.

The Court: It is so marked but counsel can figure out what they want. 73, 74, 75 and 76, is that right?

Mr. Graham: That is correct, your Honor.

The Court: That will be Exhibit T in evidence.

(The document referred to, marked Defendant's Exhibit T, was received in evidence.)

The Court: Let me look at it. It could be stipulated as mutual releases and a dismissal, is that right?

Mr. Graham: That is right, your Honor.

The Court: All right, proceed.

Q. (By Mr. Graham): Mr. Meech, to your knowledge has there ever been any judicial determination of the validity of Poux [464] '017?

A. To the best of my knowledge there has not been.

Q. There has not? A. No.

(Testimony of Ralph E. Meech.)

Q. And that patent has now expired?

A. Yes.

Q. To your knowledge has there ever been any judicial determination of the validity of the Silberman patent in suit?

A. Not to my knowledge.

Q. Calling your attention now, Mr. Meech, to Plaintiff's Exhibit 11, which is an agreement between Talon and Conmar Products, Incorporated, January 1940—and that appears on pages 79 and so forth.

The Court: Through 89, inclusive. [465]

Mr. Graham: Through 89 inclusive. I call your attention to the third paragraph where patents belonging to Conmar are listed, and ask you whether you know that the application referring to Wintritz, serial No. 215180, is the application which matured into Wintritz patent No. 2,201,068.

The Witness: I think the record speaks for itself.

The Court: Do you mean that number has been penciled in there?

The Witness: Yes. But you can tell by looking at the patent, naturally.

Mr. Graham: Well, the patent is in evidence as Defendant's Exhibit L.

The Court: You couldn't pick up the application number. The patent doesn't contain the application number, does it?

The Witness: Yes.

Mr. Graham: It has the serial number.

(Testimony of Ralph E. Meech.)

The Court: Where?

The Witness: Down here (indicating). Every patent has the application number.

The Court: 215180. The record will show that Exhibit L contains the serial number 215180 as shown in this agreement Exhibit 11.

Can it be stipulated as to Exhibit 11 that the other numbers shown there in pencil or in ink, in writing, following the typewritten serial numbers, are the patent numbers of the [466] patents which issued?

Mr. Leonard Lyon: When a patent application is filed in the Patent Office, it is given a serial number, and it is known by that serial number until the patent is issued, and then it is given a patent number.

The Court: I understand.

Mr. Leonard Lyon: I can give you the patent numbers that were issued on these applications.

The Court: They are written in on the copy that I have got. That is why I am asking.

Mr. Leonard Lyon: We will stipulate that those are the correct numbers.

The Court: Those numbers in writing following the serial numbers are the numbers of the patents which issued on those applications shown by the serial number?

Mr. Leonard Lyon: We so stipulate.

Mr. Graham: We do.

Q. (By Mr. Graham): Mr. Meech, I call your attention now to page 83 of Exhibit 11, and to the

(Testimony of Ralph E. Meech.)

language on the third from the top line, starting with the words "Talon agrees that should Talon hereafter acquire any patent, patent application or invention, covering or defining any such process or machine, Talon will extend the license herein above granted to include any and all claims of such after acquired patent as cover or define any process or machine heretofore disclosed to [467] Talon by Conmar as having been developed heretofore by Conmar, as hereinabove specified."

Do you recall whether after the Silberman patent was acquired by Talon that Conmar had a license under this language, under the Silberman patent?

A. No, I do not.

Q. Conmar never did have a license under the Silberman patent? A. No.

Q. They never made any use of it?

A. That is correct. Or not to my knowledge.

The Court: Just a minute.

I can't make sense out of this one either. Can you tell me what interpretation you place on it? It makes sense until when you get down toward the end of it. "If Talon should acquire any patent or patent application or invention covering or defining any process or machine Talon will extend the license heretofore granted to include"—now from there on tell me what it means.

Mr. Graham: I think the sense of it is, your Honor, that Talon will grant to Conmar a license on any patent covering a machine or process that had been disclosed by Conmar to Talon, something

(Testimony of Ralph E. Meech.)
developed by Conmar, about which they had told Talon. If Talon should acquire any patent.

The Court: Do you mean the broad language in the beginning [468] part is limited by the latter part?

Mr. Graham: I think so, your Honor.

The Court: Is that your interpretation, counsel?

Mr. McCoy: Yes, your Honor.

The Court: It doesn't mean, therefore, if Talon should acquire a patent or patent application or invention apart from Conmar, that Talon would extend the license, also, to that patent?

Mr. McCoy: That is correct, your Honor. Unless the particular invention involved had to do with an invention that Conmar was using in—that Conmar already had as one of their own development. I think the intent and purpose there was if Conmar let Talon know of certain inventions that Conmar had developed, and Talon later acquired a patent or did development work of its own, Conmar would receive a license on that particular thing to negative any further controversies between the companies.

The Court: Do you agree?

Mr. Graham: I do, your Honor.

The Court: Then if you agree we will accept that as what the agreement means, although I have serious doubt that you can draw that meaning out of there without contorting the English language.

Mr. Graham: All I can say is that I didn't prepare the agreement, your Honor. [469]

Mr. McCoy: I didn't, either.

(Testimony of Ralph E. Meech.)

Q. (By Mr. Graham): Mr. Meech, again calling your attention to page 83, the subdivision 4 there, sales and royalty, do you interpret that to mean that quota restrictions were placed upon Conmar, that Conmar could not manufacture more than a certain specified number of zippers?

A. No.

Mr. Leonard Lyon: If your Honor please, it seems to me that some ambiguity should be laid before asking the witness how he interprets a written agreement. It should be a matter for counsel to discuss with the court.

The Court: Yes. I think it is pretty clear that there were two kinds of sales, quota sales and royalty sales. Quota sales up to a certain amount were free of any payment of royalty, and royalty sales began to operate for the year '40 after Conmar had made 52 million slide fasteners, being approximately 25 per cent of the net sales of slide fasteners by Talon during the previous year.

Mr. Leonard Lyon: I wanted to call your Honor's attention to the fact that slide fasteners are defined in this agreement on page 80, paragraph (b), and does not include any and every slide fastener, but only such slide fasteners as are covered by a claim or claims of any of the above recited letters patent of Talon under which Conmar is licensed.

There has been some statement made that this agreement [470] would affect the manufacture of slide fasteners that were not covered by Talon's

(Testimony of Ralph E. Meech.)

patents. It seems to me that there is no basis whatever for that. That the quota is limited to slide fasteners as defined in paragraph (b) on page 80. I think that may be the basis of the witness' answer. I don't know.

The Court: However, it is followed up by (d) on page 81, which is a more specific section. "For the purpose of fixing the quota hereunder"——

Mr. Leonard Lyon: But the term "slide fasteners" wherever used in the agreement is limited by paragraph (b). In drafting the instrument, slide fasteners in paragraph (d), and all paragraphs of the agreement, would be so limited.

The Court: Will there be any proof as to how this agreement was interpreted by the action of the parties? For instance, did Conmar estimate their quota on the basis of their total production, or did they segregate their production as being under their own patents or under Talon patents? And the same inquiry as to Talon, did Talon estimate Conmar's production based solely on production made by Conmar under the Talon patents?

Mr. Leonard Lyon: I think that is a question the witness can properly answer if he is informed.

The Court: Do you know?

The Witness: Yes, your Honor. I will tell you how this operated. Both parties each year interchange their production [471] figures. That was done I think in March of each year. Both Conmar and Talon's figures were based on their total production figures regardless of what machines were

(Testimony of Ralph E. Meech.)

used, because Conmar used only one process and Talon used only one process at that time.

I might add that Conmar's quota sales before this agreement was terminated, as you see it is cumulative, and by the end of the agreement their quota was close to two hundred thousand units.

Mr. Leonard Lyon: Two hundred million.

The Witness: Two hundred million. Excuse me.

The Court: How many did they report?

The Witness: Through those years I don't know, your Honor.

The Court: Well, did they ever pay you royalties?

The Witness: We never got a cent of royalty out of Conmar.

The Court: Now, going back. Did I detect a note of frustration or disappointment that you never got any royalties?

The Witness: Yes.

The Court: Did you expect to get royalties?

The Witness: Well, naturally, we thought we might be able to get some royalties, but it didn't work out that way, because our business was too good and their's increased the same. [472]

The Court: You said your figures were based on total production because Conmar only used one type of machine and Talon used one type of machine.

The Witness: That is correct.

The Court: Well, that situation existed at the

(Testimony of Ralph E. Meech.)

time the agreement, Exhibit 11, was entered into, did it not?

The Witness: That is correct.

The Court: There was no change, then, after the agreement was entered into?

The Witness: There still is no change, substantially.

The Court: Well, if that is true, what was the use of putting in all this language about operating under the Talon patents or operating under the Conmar patents, and so forth?

The Witness: Are you referring, your Honor, to the previous paragraph in question?

The Court: No. I am referring to this quota arrangement, quota arrangement and the definition of slide fastener units which Mr. Lyon called my attention to. Was there any contemplation, when this agreement Exhibit 11 was signed, that Conmar would acquire Talon machines or Talon would acquire Conmar machines? [473]

The Witness: No, I think it was done to clarify the reading of the agreement. In other words they were defining what they made in the way of a slide fastener and they wanted to make sure of what they were talking about in my opinion—that any slide fastener manufacturer would have to come within the terms of the patents under which they were licensed. You mean at that time it might be conjectured that they would use another machine?

The Court: But prior to execution of this agreement, Exhibit 11, Talon had brought a patent in-

(Testimony of Ralph E. Meech.)

fringement suit against Conmar claiming that Conmar in its production by the machines that they had, was infringing Talon's patent?

The Witness: That is correct.

The Court: I don't know where that takes us. I am as much at a loss now as when we started. Go ahead.

Q. (By Mr. Graham): Mr. Meech, to your knowledge did Conmar ever operate under the Poux patent '017? A. (No answer.)

Q. That was one of the patents listed in the agreement.

A. I cannot say definitely whether they have operated under that patent, although they have a license for it, for the simple reason that Mr. Konoff has never let me see his operations.

Q. Didn't the agreement give you any right to oversee his operations? [474]

A. Not to my knowledge.

Q. Or inspect his operations?

A. (No answer.)

Q. Now, during the period of this agreement did Talon operate under the Poux patent '017?

A. No, we did not operate under that patent on a metallic strip fastener. We did make a plastic fastener at that time which might be construed to come under the patent.

Q. You didn't consider the patent '017 a very practical patent, did you?

A. Oh, yes, we did, because—and it was further substantiated by our competitors in using it.

(Testimony of Ralph E. Meech.)

Mr. Graham: I object to that characterization by the witness, your Honor, and move it be stricken out—the words “substantiated by our competitors” is a conclusion of the witness.

The Court: That part after the words of the witness “Yes, we did” may go out.

Q. (By Mr. Graham): But you say that Talon itself did not operate under the Poux patent '017?

A. In 19——

Q. 1940?

A. 1940. To the best of my knowledge no, but I was not with the corporation at that time.

Q. Well, did they operate under that patent from 1940 [475] on?

A. Not in 1940——

Q. I mean from 1944 on.

A. Not in 1944 but shortly thereafter.

Q. Well, when did they first start operating under it?

A. When we first purchased a Silberman machine.

Q. When you first purchased the Silberman machine? A. That is correct.

Q. I am talking now about the Poux patent. You understand that?

A. That is what I am talking about.

Q. Was the Silberman machine a machine constructed under the claims of the Poux patent?

A. It employed the method of the Poux patent.

Q. Now, did you have any machines at Talon

(Testimony of Ralph E. Meech.)

that had been constructed by you to operate under the Poux patent?

A. Merely some experimental models but never used commercially.

Q. The only operations that you conducted then under the Poux patent were operations with Silberman's machine? A. That is correct.

Q. So when you say it is under the Poux patent that is only your interpretation of it?

A. (No answer.)

Q. That is your opinion that the Silberman machines [476] were made under the claims of the Poux patent?

Mr. Leonard Lyon: I object to that as argumentative. How could it be anything else but the witness' opinion?

The Court: He has answered the question. Objection sustained.

Q. (By Mr. Graham): Then until you acquired the Silberman machine, the first Silberman machine, the Poux patent '017 was really a paper patent, wasn't it?

A. No, it was not a paper patent.

Q. But there were no operations conducted under it—no machines constructed under it?

A. Well, the Poux patent relates to a method and not to an apparatus or machine.

Talon itself, as I said before, did not use the teachings of the Poux patent until—that is commercially, until it bought the first Silberman machine.

(Testimony of Ralph E. Meech.)

Q. Yet in 1940 when this Conmar agreement was made the Poux patent was licensed to Conmar?

A. That is correct.

Q. Now, the agreement, Plaintiff's Exhibit 11, was terminated by a new agreement between Talon and Conmar dated June 7, 1951, Plaintiff's Exhibit 12. It appears at pages 90—

The Court: Through 94 inclusive.

Q. (By Mr. Graham): 94 in the answers to interrogatories. [477]

Do you recall, Mr. Meech, the reason why the old agreement was terminated and a new agreement was made?

A. Yes, I do.

Q. Would you state what that reason was?

A. Yes. Conmar which, of course, is second to Talon, I hope in the industry, had spent and does spend a lot of money on research, the same as we do, and through the years, as exemplified by the patents that are issued, they received a number of patents and so did Talon.

Through the years they had acquired some patents that we needed and they were infringing some of ours, so to get the matter cleared up we sat down and negotiated this, what materialized into the agreement dated June 7, 1951.

The Court: What percentage of the market does Talon cover and what percentage does Conmar cover? You say they are your nearest competitor.

The Witness: Today or when?

The Court: Back on June 7, 1951.

The Witness: On June 7, 1951 Talon at that

(Testimony of Ralph E. Meech.)

time—incidentally, I have the figures right here for that particular year as long as you ask, which is reported by the certified public accounting concern of Haskins & Sells, where all slide fastener manufacturers that belong to the slide fastener association make their annual reports.

In the year 1950, according to these figures, Talon [478] averaged about 30 per cent of the market. In the year 1951 Talon had about 28 per cent of the market.

The Court: What did Conmar have? Do you have those figures?

The Witness: We don't get figures of our competitors, as I understand, your Honor. We just get our own figures from the association. They are kept in secrecy. This just gives the figures of the respective manufacturers who belong to the association.

I would judge theirs would be, oh, possibly half, if that high of Talon's percentage.

Mr. Graham: Your Honor, I object to that statement by the witness. I don't think he has any basis for the answer. It is pure guesswork. There is nothing to substantiate it. It is not good evidence.

The Court: Well, he has admitted it is only a guess. I guess you are right. It will have to go out.

What percentage of the market did Talon have in 1940, at the time of the execution of the agreement 11? Do you have the figures for 1939 and '40?

The Witness: No, I do not, your Honor. At that time Talon controlled—that is just immediately prior to the war, around 60 per cent in my opinion.

(Testimony of Ralph E. Meech.)

During the war, of course, there were no fasteners for civilian consumption. It was all military. [479]

After the war our percentage dropped materially and competition started to come into the picture to a greater degree.

The Court: We will take our recess at this time.

(Short recess.) [480]

Mr. Leonard Lyon: May the court please, in view of the scope of the defendant's examination, I ask leave to present to the court, when the case resumes next week, an amendment to our reply to the counterclaim in this case, setting up the appropriate section and subsection of the Code of Civil Procedure of the State of California as a bar to any damage that might have occurred or is alleged to have occurred to the defendant more than three years prior to the filing of the defendant's counterclaim.

Mr. Mockabee: What section is that?

Mr. Leonard Lyon: I will have to give you the appropriate section and subsection.

The Court: Is there any objection to permitting an amendment?

Mr. Graham: If your Honor please, I would like to have you reserve decision on that until we have had an opportunity to study the section.

The Court: Well, what difference would that make? You would find either the section applied or it didn't. The principle involved is the general question of whether a litigant should be permitted to amend during trial to avail himself of an available

(Testimony of Ralph E. Meech.)

defense or defenses. Maybe it is good or maybe it is bad.

Mr. Graham: This is a kind of a statute of limitations, then? [481]

The Court: Yes. He is referring to our California statutes of limitation.

Mr. Graham: I don't like to agree to it, your Honor, without at least looking into it a little bit. I would appreciate it if you would reserve decision on that.

The Court: Well, I will reserve decision, but I will advise you my policy is to always permit amendments prior to trial and even after the trial is over, to conform to proof. It goes to both sides.

Mr. Graham: It appears that it is not the type of an amendment that would be a surprise, or anything of that sort.

The Court: I will reserve ruling on it. Meanwhile you prepare it and have it ready for presentation.

This is an amendment to your answer——

Mr. Leonard Lyon: This is an amendment to the reply to the counterclaim.

The Court: And you are going to present this now as a complete new reply, or merely——

Mr. Leonard Lyon: No. Just an additional paragraph.

The Court: By a separate document?

Mr. Leonard Lyon: Yes, your Honor.

The Court: All right.

Q. (By Mr. Graham): Mr. Meech, I believe you

(Testimony of Ralph E. Meech.)

stated when this agreement of January '40, Plaintiff's Exhibit 11, was made, that Talon led in the manufacturing of zippers in this [482] country?

A. As far as I know today.

Q. And I think you also stated that Conmar was second in line?

A. I do not know whether at that time they were second, but they are today.

Q. Were they when this agreement of June 7, 1951, was made, Plaintiff's Exhibit 12?

A. As far as I know, they were the second largest zipper concern in this country.

Q. Mr. Meech, do you have any idea of the comparison between the percentage of profit on zippers licensed and the percentage of royalty payable under license agreements made by Talon?

A. That is a very broad question. The way it is put to me, I can't answer it.

Q. Well, is it a fact that where royalty is payable, the percentage of profit is smaller than if royalties were not payable?

Mr. Leonard Lyon: Your Honor, I think royalty would be a cost.

The Court: We will assume that premise.

Mr. Graham: Thank you.

The Court: If a person pays a royalty, his percentage of profit is smaller. [483]

But you can't answer as to your knowledge of what royalties obtained by Talon bear to profits of the licensees?

The Witness: Read the question, please.

(Testimony of Ralph E. Meech.)

(The court's question was read by the reporter.)

The Witness: No, I have no idea.

The Court: In the contract agreement Exhibit 11, January 1940, where you have a quota arrangement with Conmar, and then royalties over the quota, you had a sliding scale of royalties for the so-called royalty sales in excess of quotas up to 5 per cent over the quota, a royalty of 10 per cent; a royalty of 15 per cent for all units sold over and above 5 per cent beyond the quota—is that right?

The Witness: That is correct.

The Court: You are licensing your patents presently, are you, to various licensees?

The Witness: We try to.

The Court: Do you have a policy presently as to an approximate percentage figure that you ask for a royalty?

The Witness: Yes, your Honor.

The Court: What is that?

The Witness: On a quota control basis, and I can't recall what was the last license agreement that we did consummate on that arrangement, it has been some time ago, that was a quota, and then it was 5 per cent, if I recall, of all fasteners over those quota sales. It wasn't as it appears in [484] the Conmar agreement, that was changed in other agreements that we did negotiate, because the life of a patent of course was slowly running out, and that was merely where the licensee had either patents or pending patent applications, where we could

(Testimony of Ralph E. Meech.)

base something on a quota, free quota; where the licensee did not have anything to trade or any patent applications, then there was a straight $1\frac{1}{2}$ per cent royalty of net sales.

Mr. Leonard Lyon: Do you mean no free quota?

The Witness: That is right.

Q. (By Mr. Graham): But some agreements were made that did allow a free quota, isn't that correct?

A. That is correct. Where they had something to give back to us in the way of——

Q. That was something in your judgment that was worth—— A. Naturally.

Q. That had some value? A. Yes.

Q. Isn't it normal in patent license agreements, Mr. Meech, to have the royalty rate decrease as the volume goes up?

Mr. Leonard Lyon: I object to the term "normal." The answer would be irrelevant and immaterial in this case as to what is normal in patent agreements. There is no foundation laid, for one thing. [485]

Mr. Graham: Let me rephrase the question, if I may.

Q. (By Mr. Graham): Where there are sliding scales of royalties in patent license agreements, doesn't it more often happen that the royalty rates decrease as the volume of production goes up?

Mr. Leonard Lyon: I object to that question as irrelevant, immaterial, which one is the most often done, and it is not limited to any particular field or

(Testimony of Ralph E. Meech.)

any particular royalty or any particular circumstance.

The Court: Sustained.

What is done now or then or most often wouldn't enter into it, unless possibly you could prove some custom that was so widely known and accepted that it automatically would become part of contracts, and I don't think you can do that.

You have seen license agreements, have you not, where there are sliding scales?

The Witness: I have seen where they slide both ways, depending on the article.

Q. (By Mr. Graham): Would you say that it is more the case, then, that royalties go up as volume goes up?

The Court: I think that is the same question.

Mr. Leonard Lyon: I object for the same reason.

The Court: Sustained.

Q. (By Mr. Graham): Mr. Meech, do you have any opinion now as to the relative ratio of production between Talon and [486] Conmar at the present time? A. Dollarwise?

Q. No. I mean in percentage of production in the zipper industry.

A. My opinion that I would give would be just a guess. Do you mean as to the—

Q. You have stated that at one time it was your opinion that Talon had about 28 per cent of the production and that Conmar had about half of that percentage.

(Testimony of Ralph E. Meech.)

The Court: I think we sustained an objection as to that guess as to half, didn't we?

Mr. Leonard Lyon: That was Mr. Graham's objection.

The Court: And I think I sustained it, didn't I?

Mr. Leonard Lyon: Yes.

The Court: Now he is asking the question. Do you want to object to it?

Mr. Leonard Lyon: I have no objection, if the witness knows. Or if he has an opinion and he is asked for his opinion, I have no objection to his opinion.

The Court: All right. Can you answer the question?

The Witness: Read the question, please.

(The question referred to was read by the reporter, as follows: "Q. You have stated that at one time it was your opinion that Talon had about 28 per cent of the production [487] and that Conmar had about half of that percentage.")

The Witness: I made that statement.

Q. (By Mr. Graham): Do you care to state now whether you can give any opinion of the relative ratio of production at the present time between Talon and Conmar?

Mr. Charles Lyon: Do you care to make that question definite? The production reported to the Slide Fastener Association, or overall production?

Mr. Graham: Overall production.

The Witness: That would be difficult to answer

(Testimony of Ralph E. Meech.)

for this reason: The zipper market today is in a state of flux and conditions are very chaotic. You must remember that the reports that I gave you and that I base my knowledge on are reports that came from Haskins & Sells, who are accountants, and there are only a small percentage—and when I say “small” I mean about 25 per cent—of the people in the industry that belong to the Association and report their figures. So the figure that I quoted would really be less than what I have given. And I don’t believe, for example, that the defendant belongs to the Association. It is hard for me to quote the figure today, in view of the fact that there are so many assemblers and loft operators who do not belong to the Association.

The Court: In your opinion is Talon still the No. 1 producer? [488]

The Witness: In my opinion, yes, your Honor.

The Court: Who is No. 2?

The Witness: Conmar, as far as my opinion goes. [489]

Q. (By Mr. Graham): Mr. Meech, I call your attention to Exhibit 5, plaintiff’s answers to defendant’s interrogatories appearing on pages 119 to 132.

Mr. Graham: I think first I should offer that agreement in evidence, if your Honor please.

The Court: It will be Exhibit U in evidence. It is the agreement of November 21, 1949 between Talon, Star and Ridgewood. It runs from page 119 to what page?

(Testimony of Ralph E. Meech.)

Mr. Graham: 132, your Honor.

The Court: 119 to 132 of the plaintiff's answers to the interrogatories. It is received in evidence as Exhibit U.

(The document referred to, marked Defendant's Exhibit U, was received in evidence.)

Q. (By Mr. Graham): Mr. Meech, referring to page 124 at the top of the page under the heading "sales and royalties" it appears from the first paragraph of that section that Star and Ridgewood are relieved of any obligation to pay royalties on the first 30 million slide fastener units manufactured and sold by them in 1949, under machines or by processes covered by the license from Talon. Is that correct? A. That is correct.

Q. And then the agreement goes on, on the same page, to provide for further exemptions for future years, is that correct? [490]

A. That is correct.

The Court: What was the purpose of Talon in providing for these royalty-free exemptions and then providing for royalties over certain amounts?

The Witness: Well, the reason for that, your Honor, was that if a particular licensee had anything of value or anything that might be used by Talon in the future, we would then give them free licenses for a certain number of units.

We thought that our patents were of much more value and we were giving them much more value than they were giving us, but yet we wanted to respect their property and their patent rights and

(Testimony of Ralph E. Meech.)

also it was for our future use in the development of our product.

We at no time know when we will need a patent and if we can obtain rights by a cross-license agreement such as this, it is usually done that way.

The Court: Well, if you felt your patents were more valuable, your patents and rights than what the other contracting parties had, why didn't you fix some small royalty for the entire period of the agreement?

The Witness: Well, we thought—I can't answer that, why it was done or why it wasn't done that way at all.

It certainly was not to penalize the licensee because none of our licensees have been penalized, including the subject licensee—Star. Star never paid us any royalty whatsoever. [491]

The Court: Because they never went over the quota?

The Witness: That is correct.

The Court: Well now, a royalty of five, 10 or 15 per cent would be a pretty high and burdensome royalty, would it not?

The Witness: At this date yes, but not in 1939 or 1940.

The Court: What about 1949 relating to the agreement we are talking about?

The Witness: Yes, until the agreement of 1949, your Honor. After the war—during the latter part of the forties, there was a big market for zippers

(Testimony of Ralph E. Meech.)

and to show you—and the prices held during those years.

For example, a fastener which sold for 10 cents in the latter part of the forties today sells for three cents and naturally the licensee has a bigger margin to work on. And as you can see by this agreement with Star, even at that late date we cut the royalties down to three per cent.

The Court: Where does that appear?

The Witness: On page 7—page 125, your Honor, page 7 of the agreement.

The Court: Three per cent on sales in excess of the royalties agreed upon?

The Witness: That is correct.

The Court: Was it one of the intentions of Talon to [492] give these competitors a fair sized quota to operate under but to make it burdensome for them to expand beyond the size of their quota given them and thereby keep them in line, as it were?

The Witness: No, it wasn't the intention of Talon to do that at all. All we wanted was our patent rights respected.

If we had wanted to make it burdensome we could have. In other words, we could have given them such a small quota we would know very well that they would reach that quota, but our licensees were so confident in signing the license agreement that they never reached that quota—that they would never reach that quota, that they are willing to sign the license agreement.

(Testimony of Ralph E. Meech.)

The Court: Well, of course 30 million, the figure used in this contract, sounds like a lot of fasteners but everything is relevant.

How many fastener units did Talon make in 1949, if you know?

The Witness: 1949? I suppose Talon made between 300 and 400 million.

The Court: And how many did you make in 1945?

The Witness: I suppose the number of units is comparable to that, according to our profit figure.

The Court: About the same?

The Witness: About the same. [493]

The Court: Well, my mathematics aren't very good but 30 million as compared to 300 million is a tenth.

The Witness: That is correct, your Honor. But don't forget that this was a very small operator. He only had about 20 machines and at that time, if I recall correctly, he said that their production at that time in 1948, which was the year prior to this agreement, was 25 million. And you know very well that he was taking quite a leeway for himself there when we settled on 30 million so as not to penalize him.

And this was not based on Talon's production as you can see. There was a regular increase each year.

The Court: You mean Star was making 25 million a year or Ridgewood?

The Witness: Ridgewood is really Star.

(Testimony of Ralph E. Meech.)

The Court: It is one outfit.

The Witness: They are not in the zipper business. They make the machine and Star was the zipper manufacturer.

The Court: Star was making 25 million in 1949?

The Witness: Yes, the year previous to the contract. As I recall that was the figure they gave me.

The Court: Well, did you change your form of contracts thereafter or recently in order to eliminate this quota business from those contracts?

The Witness: No, we haven't had an occasion, your [494] Honor, to negotiate a contract where a quota control arrangement could be worked out.

The Court: You eliminated it in the Conmar contract in 1951?

The Witness: That was because we had to have some of their patents. We were infringing them at the time and they had to have some of ours, so we got our heads together, as licensees do from time to time, and ironed out the difficulties so they don't have to go to court.

The Court: Well, I don't know whether I can ask you this question or not. Counsel may object to it. But did you consult any lawyer who was or claimed to be a specialist in antitrust laws in connection with whether or not these quota contracts were possibly violative of the antitrust laws?

The Witness: I did not and in my opinion what I know of antitrust laws is very small. I don't think anybody knows very much about it. I didn't consult anyone, to answer your question. This agreement

(Testimony of Ralph E. Meech.)

was negotiated by Mr. McCoy and myself. There was no other counsel consulted except the licensee's counsel.

The Court: Proceed.

Q. (By Mr. Graham): Mr. Meech, you stated in answer to some of Judge Carter's questions that the scale was allowed to increase here — in other words they started off with a 30 million quota free units and then it was stepped up. [495] But I call your attention to the last three lines on page 124 of this Star agreement which provides that commencing with the year 1950 royalty-free sales shall remain at 30 million slide fastener units. Is that correct?

A. That is not correct. That was just an example given, was it not?

The Court: Yes.

The Witness: It was an example of where their sales fell below a certain amount.

The Court: All right. I will read it. Go ahead.

Q. (By Mr. Graham): Going back a moment, Mr. Meech, to Plaintiff's Exhibit 11, the first agreement with Conmar, is it a fact that under the terms of that agreement Conmar was not allowed to grow in production percentage in relation to Talon's production? I will have to find that reference, your Honor.

Mr. Leonard Lyon: If your Honor please, I object to the question unless it is limited to the amount of use of Talon's inventions by Conmar. There is nothing to put any limitation on how much

(Testimony of Ralph E. Meech.)

Conmar can manufacture. Conmar can manufacture things outside of Talon's inventions.

The Court: Well, more than that it calls for the witness' interpretation of the contract and I can read it over. Objection sustained.

Q. (By Mr. Graham): Now, speaking about the second [496] Conmar contract made in 1951. Can you say whether or not the fact that defenses of misuse of patents and a counterclaim based on violation of the antitrust laws have been interposed in this case now being tried had anything to do with the making of a new agreement with Conmar?

A. It did not.

Q. They were wholly unconnected?

A. That is correct. In fact I might add we were approached by Conmar to alter the agreement. We did not instigate it.

Q. But you weren't reluctant to make the agreement?

Mr. Leonard Lyon: I object to that.

The Court: Sustained. We have one more agreement in this file. [497]

Mr. Graham: I think there are two, your Honor. I find that I skipped one back along the line here. I will just introduce it in evidence.

The Court: Where does it appear?

Mr. Graham: Page 105 to 115.

The Court: That will be Exhibit V. Received in evidence. That is the contract between Talon, Slidelock, and Max Lange. What is the date of it? It doesn't show on the first page.

(Testimony of Ralph E. Meech.)

It is dated June 12, 1947. Exhibit V received in evidence.

(The document referred to was received in evidence and marked as Defendant's Exhibit V.)

Q. (By Mr. Graham): Mr. Meech, referring again to Defendant's Exhibit U, the agreement between Star and Talon, page 120, reference is made to the fourth paragraph, to a patent application owned by Star, serial No. 96649, filed on behalf of Kaufmann. Do you know whether or not that application matured into a patent?

A. Yes, sir, I believe it matured into a patent just within the past year or six months.

Q. And was that the only invention under which Talon received a license from Star and Ridgewood?

A. That is the only patent application that was pending. I don't recall whether there is anything in the agreement [498] now as to other inventions.

Mr. Leonard Lyon: The agreement will speak for itself, your Honor, on that.

The Court: Yes, it will speak for itself. If somebody later on can find the patent number of that patent, all right. If not, we will forget about it.

Q. (By Mr. Graham): You stated that Talon was giving value rights to Star and Ridgewood, and I notice it included, among the patents under which Star and Ridgewood were licensed, the Poux 2,078,017. You considered that one of the valuable

(Testimony of Ralph E. Meech.)

patent rights that you were giving to Star and Ridgewood? Page 122. A. Yes.

Q. Even though that patent had never been used by yourself?

Mr. Leonard Lyon: I object to that as argumentative.

The Court: Overruled.

The Witness: The patent was being used by ourselves at that time.

Q. (By Mr. Graham): I understand your testimony to be that you had never operated under the Poux '017, that no machine had ever been constructed.

A. I said until we got the Silberman machine.

Q. You never constructed any machines under the Poux patent; it was your judgment that the Silberman machines [499] incorporated the principles of the Poux patent?

Mr. Leonard Lyon: My same objection that was already overruled, but I tender it again, your Honor, in view of the colloquy.

The Court: I wasn't listening to it. You will have to read it, Mr. Reporter.

(The record was read by the reporter.)

The Court: That has been asked and answered, and for other reasons it is sustained.

Let me ask you this: You acquired the Silberman patent on April 18, 1949, by Exhibit 8?

The Witness: Correct.

The Court: How did it happen that on Novem-

(Testimony of Ralph E. Meech.)

ber 21, 1949, you didn't list the Silberman patent in the patents which you were giving Star?

The Witness: Because Star didn't need a license under the Silberman patent. Their machine did not incorporate the principle shown—used by Star. Star was the licensee of Conmar, and they were using a Conmar type machine.

The Court: But you listed in the contract of November 21, 1949, Exhibit U to which I have been referring, the Poux patent '017?

The Witness: That is correct.

The Court: Which there is a lot of similarity with Silberman's '793, isn't there? [500]

The Witness: No, your Honor, there is not. The Silberman patent employs the Poux method. There is a distinction between method and the machine, your Honor.

Conmar had a license under '017, but they don't need a license under the Silberman patent to operate their equipment. And there are several other people in the industry that have machines that are not covered by the Silberman patent.

The Court: That was your basis for eliminating the Silberman patent from certain of these contracts, then, the people were not using a Silberman machine?

The Witness: That is correct. As I said the other day, the only parties, your Honor, that are using a Silberman machine are ourselves and allegedly the defendant, and one or two others.

(Testimony of Ralph E. Meech.)

Q. (By Mr. Graham): Mr. Meech, could the Poux method be used with the Conmar machines?

A. Yes, it could.

Q. Is it actually used with the Conmar machines? A. In my opinion, yes.

Q. Weren't the Conmar machines in existence before the Silberman machine? A. Yes.

The Court: Well, does Conmar use machines that are similar to the Silberman machine?

The Witness: No, sir. [501]

The Court: Then why in Exhibit 12, your contract with Conmar, on June 7, '51, did you include the Silberman patent, Silberman patent '793?

The Witness: No doubt at the time of negotiations Conmar probably requested a license under that patent for future operations. As far as needing a license, they did not need a license under that machine at that time. The parties at that time of negotiations, naturally, were trying to get all they could from one another, and we would have to give and take.

The Court: Let's get the rest of these contracts in evidence that you are going to use and sort of finish up with this. There are a lot of these questions that are questions that go to interpretation of the contract. I could read them, and if you want to point something out, you can point it out to me.

What other contracts in these answers do you have?

Mr. Graham: The next one is with Waldes Kohi-noor, dated May 10, 1950.

The Court: That will be Exhibit W. Received in evidence by that number as an exhibit of defendant.

How far does it run?

Mr. Graham: Page 133 to page 137.

The Court: Of the answers to interrogatories. Very well.

Mr. Graham: If your Honor please, there were other agreements [502] not attached to the answers to interrogatories, because there were so many in number that the cost of reproduction would have been extensive, but those agreements I understand have been produced in court today in accordance with the plaintiff's statement at the time that it did not attach copies.

The Court: Well, have you looked them over?

Mr. Graham: Frankly, I haven't, your Honor. I looked them over about two years ago at the Talon office in New York City and I made some notes at that time.

The Court: How much longer will you be with cross examination of this witness?

Mr. Graham: I think with the introduction of this agreements into evidence and one or two other questions, that will be all, your Honor.

Mr. Leonard Lyon: How many of these other agreements are there, I wonder.

Are we going to ask the court to read a limitless number of agreements in this case?

Mr. Graham: I will comb them and only give you those that have quota clauses similar to these others that we have been talking about. [503]

Mr. Leonard Lyon: Your Honor understands that these particular agreements that contain these quotas are only a fraction of the licenses that the Talon company has issued.

That is a material fact. I mean it is not claimed that they were the sole pattern of licensing.

Mr. Graham: I think that should be made a matter of evidence, Mr. Lyon.

The Court: Well, of course, counsel's statements on either side are not evidence.

I am going to take an adjournment at this time until Tuesday morning and let counsel have an opportunity to go through these exhibits and find out which ones you are going to offer.

Your last exhibit number was Exhibit W and the clerk and I would like for the second series instead of being numbered AA and BB and CC and so forth, be numbered AA, AB and AB and so forth. By doing that we do not exhaust the alphabet.

You might as well mark tentatively the exhibits you anticipate offering and have them all ready to go in on Tuesday morning.

I notice in the answers to interrogatories that we have been working on, the ones filed March 8, 1951, also contain miscellaneous matter such as consent decrees, stipulations and so forth.

If you want any of those marked in evidence you will [504] follow the same pattern.

Also you had better over the weekend go through your answers to interrogatories generally and find out which of those you want.

If you want me to consider interrogatories as

part of the record you should call my attention to them and have them made specifically a part of the record.

Up to this time it is only a discovery process that you may or may not use.

Is there anything further this evening?

Mr. Mockabee: That will be 10:00 o'clock Tuesday?

The Court: Well, how do we stand? How many witnesses do you have now, Mr. Mockabee and Mr. Graham?

Mr. Mockabee: Well, at the present time we have one witness. It may develop that we will have to call in another witness or two for very brief testimony, but I am not sure that we will even require that.

It will be primarily the testimony of Mr. Lipson.

The Court: And rather lengthy?

Mr. Mockabee: I am afraid it will be.

The Court: Is that your case then?

Mr. Graham: With the other deposition.

Mr. Mockabee: With the exception of the other deposition.

The Court: All right, 10:00 o'clock Tuesday morning. [505]

(Whereupon, at 4:15 o'clock p.m. a recess was had until 10:00 o'clock a.m., Tuesday, March 8, 1955.) [506]

Tuesday, March 8, 1955, 10:00 o'clock A.M.

The Clerk: No. 10450-C Civil, Talon, Inc., vs. Union Slide Fastener, further trial.

Mr. Leonard Lyon: If your Honor please, at this time the plaintiff would like to move to file an amendment to its Reply to the Counterclaim in this action. I hand a copy of the motion and a copy of the proposed amendment annexed to the motion. The motion is to add a paragraph to the reply setting up a bar under the statute of limitations to defendant's right to recover in this action on its counterclaim.

You will note that there are three different sections of the Code of Civil Procedure cited, and that is because of some uncertainty in the law of California as to just what the statute is in connection with a cause of action of this kind. It may be barred—the period may be one year under Section 340; others take the view that it is three years under Section 338; and others take the view that it is four years under Section 343, depending upon whether the action is one for penalty, or statute, and so forth.

The Court: We will have to cross that bridge when we get to it.

Have you exhausted your research on that?

Mr. Leonard Lyon: I formulated this reply in view of the situation that has developed in a case before Judge Mathes, [509] where this form of pleading was finally arrived at, and I don't think it is probably worth while arguing it at this time which one of these sections would apply.

The Court: All right.

Is there any objection to filing the amendment?

Mr. Graham: I have no objection, your Honor,

to the interposition of the reply which sets forth the provisions of certain sections in the Code of Civil Procedure of California, upon the understanding of course that we will have the opportunity to present a brief on the questions presented by the reply.

The Court: I will probably want some help, but I am not going to make any order that I will permit briefs or that I will even permit arguments. That is something that I will decide. The chances are that I will want it. But I will not make it a condition of the order.

The amendment will be permitted. It may be filed.

Let me look at these communications lying on my desk here.

Let the record show, before I forget, that I have read the deposition of Philip Lipson, which has been received in evidence, with particular attention to the pages indicated by counsel, and I have clipped that little note in the front part of the deposition so that we will know what I was looking at particularly. [510]

I have not yet read the deposition of Loew.

Mr. Leonard Lyon: May the court please, the defendant has handed us a copy of its note to the court this morning suggesting that the matter of proving damages under the defendant's counterclaim be reserved until the court renders its decision on the merits of the counterclaim.

We want to object to that proposal and call the

court's attention to the fact that the defendant has no right to a decision or to a judgment on its counterclaim until and unless it proves damages, and the defendant is not a public prosecutor under the antitrust laws, and explicitly in the statute the defendant has no cause of action arising out of any alleged violations of the antitrust laws except to the extent that it can prove damage.

We had a somewhat similar decision in the next court room some years ago before Judge Jenney, and he wrote an opinion on such a counterclaim as this and what the defendant is called upon to prove, and I am sure your Honor is familiar with it, but the citation might be of assistance to your Honor. It is International Carbonic Engineering Company vs. National Carbon Products, 57 F. Supp. 248, a decision rendered by Judge Jenney on July 15, 1944.

I thought that might illustrate to your Honor the situation as we see it.

We certainly would object to a decision as asked by the [511] defendant on the antitrust issues in the absence of any proof of damages.

We cannot understand on what theory—there is no theory shown in the defendant's pleading—that these quotas that defendant is calling attention to, if they had existed and had restrained trade, could possibly damage the defendant, because if anything, if they restrained other people, and the defendant was in business, the defendant would have been benefited, rather than injured, by it.

There is no claim that the defendant was a party

to any agreement on any quotas. It is beyond my conception of how the quotas could injure the defendant.

And as to the legality of the quotas, I might call your Honor's attention to this decision, if you are interested in looking at the subject as we go along. The latest case that I know of on the subject of these quotas is *Q Tips vs. Johnson*, 109 F. Supp. 657.

That was a case involving a similar charge as is made here, and the court held there was no violation of the law in quotas under circumstances such as we intend to prove here.

There were several decisions of the court rendered in that case, and there is an affirmance of the decree below in 207 F. 2d 509 by the Court of Appeals for the Third Circuit, in which the Court of Appeals says, on the questions of alleged violation of the antitrust laws and misuse, the decision below [512] was correct on the facts and correct as to the law.

I am not entirely sure that the Court of Appeals was talking about these precise rulings, but I believe they were, and we are trying to examine the records to verify that fact.

The Court: Your statement as to what a party must prove to make out a private antitrust case is the law. However, although the entire case has to be made out before a cause of action exists, it is entirely possible in the conduct of a trial to separate issues and try issues separately, is it not?

Mr. Leonard Lyon: Well, what I am objecting

to is the defendant's suggestion that there be a decision——

The Court: Supposing I came to the conclusion that there was no violation of the antitrust laws, and had a firm decision to that effect in my mind, wouldn't it be silly to take a lot of evidence? [513]

Mr. Leonard Lyon: I wonder as a matter of procedure, what our court of appeals would think about stopping the case and sending it up to them on that basis without a complete record on damages if they wanted to reverse it.

The Court: I am just trying to analyze the defendant's suggestion. I am not indicating that we will not go along but I might piecemeal make some decisions as we do go along. By so doing the defendants would then be advised and could then do as they see fit.

Supposing I found there was no violation of the antitrust laws then it would be up to the defendants to decide whether they wanted to make a record or whether they wanted to stop there.

If they wanted to make a record they would have a right to make it one way or the other by an offer of proof if not by direct testimony.

However, I am just quibbling with you about your broad statement concerning what we can do and what we cannot do.

My own inclination is we should go ahead and conclude this case and whatever is going to be done we can do it as we go along.

I may elect, if the defendants want me to do so,

or indicate what I think of these things as we do go along.

Mr. Leonard Lyon: I have had so many strange things happen in the court of appeal where a judge held and ruled [514] on points that he thought in his mind was sufficient to dispose of the case and the court of appeals sending it back for rulings on other issues before they will consider the issue that was sufficient in the mind of the lower court.

I just wanted to be on record as preserving my rights, if I have any.

The Court: You have rights, Mr. Lyon.

My inclination is to proceed with the case. If the defendants want an expression from the court as to my views after we complete some phase of the case I will take that into consideration.

You may proceed.

Mr. Graham: If your Honor please, I would like to have the witness Mr. Meech take the stand.

If your Honor please, I find that there are some other exhibits to the interrogatories filed May 9, 1952 which I would like to offer in evidence.

The Court: Very well.

Mr. Graham: The first one is the agreement between the plaintiff and Joy Fastener Company which appears at pages 95 to 104.

The Court: What exhibit will that be, Mr. Clerk?

Mr. Graham: X, I believe, your Honor.

The Clerk: Yes, Exhibit X.

The Court: Exhibit X received in evidence being

the [515] agreement of October 10, 1938, is that right?

Mr. Graham: That is right, your Honor.

The Clerk: Pages 95 to 104, inclusive.

(The document referred to, marked Defendant's Exhibit X, was received in evidence.)

Mr. Graham: 104. And I wish to call particular attention, your Honor, to paragraph 1 on page 97 of Exhibit X.

The Court: Paragraph 1 does not appear on page 97. It is paragraph 2.

Mr. Graham: Paragraph 2. I am sorry, your Honor. It is paragraph 2. I just put on my glasses. I can read better with them.

And the paragraph 5(d) which appears on page 98, and paragraph 9 (b) which appears on page 101.

I also wish to offer in evidence, your Honor, the stipulation between Talon and Carney Fasteners, Inc., which appears at pages 116 and 117—116, 117 and 118. That is a stipulation and decree in the case just mentioned.

The Court: The Carney case?

Mr. Graham: The Carney case, yes, your Honor.

The Court: It will be received as Exhibit Y. I don't know whether I said Exhibit X was in evidence or not, but Exhibit Y and Exhibit X are in evidence.

(The document referred to, marked Defendant's Exhibit Y, was received in evidence.)

Mr. Graham: And I also offer in evidence a list of the names and addresses of persons or firms

holding licenses from plaintiff who are members of the Slide Fastener Association which appears at page 139 of the interrogatories.

The Court: It will be received in evidence as Exhibit Z.

(The document referred to, marked Defendant's Exhibit Z, was received in evidence.)

Mr. Graham: If your Honor please, you indicated on Friday that if the defendants wish to have you consider any of the interrogatories and answers to interrogatories that you would like to have them pointed out.

I have a list here of the interrogatories to which I would like to call your Honor's attention.

The Court: Well, just so the record will be clear, the following interrogatories and the answers you want in evidence as part of the record you are going to designate, is that correct?

Mr. Graham: That is correct, your Honor.

The Court: All right, just list them.

Mr. Graham: No. 7, No. 15——

Mr. Leonard Lyon: There are several sets of interrogatories, your Honor.

Mr. Graham: These are the interrogatories filed May 9, 1952.

The Court: The answers were filed May 8th.

Mr. Graham: I am sorry, I mean the answers were filed at that time.

The Court: The interrogatories were apparently served in March but the answers to the plaintiff's—the plaintiff's answers to the interrogatories were filed May 8th, 1952. It is from that document that

you are listing the interrogatories and answers that you refer to?

Mr. Graham: It is from that document, yes.

The Clerk: The answers including the questions?

The Court: Questions and answers, yes. Interrogatory No. 7, 15—

Mr. Graham: 16, 17, 19, 20, 21, 24, 27, 28, 34, 52, 68, 82, 83, 86, 87, 88, 92, 95, 97 and 98.

The Court: All right. Now, 83 was filed separately. The answer to 83 does not appear in that document.

Mr. Graham: On the copy I have, your Honor, they were right at the top—were on the top paper of the document.

They were sworn to by Mr. Detweiler, I believe, separately from the other interrogatory answers.

The Court: I have found the separate answer to interrogatory 83. It is signed by William Jager on behalf of Talon, Inc. It was filed on May 8, 1952.

The Clerk: Should these interrogatories and answers be copied into the record?

The Court: Yes, I think it will make it more clear. [518] The reporter at this point will copy the interrogatories and answers indicated by Mr. Graham into the record.

The Clerk: The original on file has an answer in the same document, Exhibit 83.

The Court: You say there is an answer to 83?

The Clerk: Yes, it is written into the document.

The Court: That is the interrogatory. The answer is here. It was submitted separately.

(The interrogatories and answers indicated are in words and figures as follows:

“Interrogatory No. 7: Was plaintiff at any time prior to the institution of this action informed by anyone that said David Silberman had threatened to sue one Sigmund Loew and/or Union Slide Fastener, Inc. under said United States Letters Patent No. 2,437,793 prior to the assignment of said Letters Patent by said Silberman to plaintiff?

“Answer: Prior to the institution of this action, plaintiff had been informed by David Silberman that he was considering suing Union Slide Fastener, Inc. for infringement of U. S. Letters Patent No. 2,437,793, but plaintiff had no knowledge of any actual threat of suit having been made to either Sigmund Loew and/or [519] Union Slide Fastener, Inc.

“Interrogatory No. 15: Was the plaintiff at any time prior to the institution of this action informed by anyone that a person other than said David Silberman claimed to be the inventor of the inventions described in and covered by United States Letters Patent No. 2,437,793?

“Answer: Prior to the institution of this action but subsequent to the purchase of patent No. 2,437,793 by plaintiff, plaintiff was informed of the existence of an affidavit by one John J. Havekost, purportedly dated September 8, 1948, and plaintiff was informed of the withdrawal of any claims to inventorship which may have been made in such affidavit, which withdrawal was made by an affidavit dated the 22nd day of August, 1949, a photostatic

copy of the latter affidavit being attached hereto and marked Exhibit 2.”

“Interrogatory No. 17: Was the plaintiff at any time prior to the institution of this action informed that the said David Silberman had paid to a person or persons claiming to be the inventor of the inventions described in and covered by U. S. Letters Patent No. 2,437,793 a royalty or other payment? [520]

“Answer: Only to the extent that plaintiff’s Exhibit 2 contains the information suggested by the interrogatory.”

“Interrogatory No. 19: Did the plaintiff request the defendant which was then located at 10731 Chandler Boulevard, North Hollywood, California, in or about the month of September, 1947, to permit the plaintiff to have its representative examine the defendant’s manufacturing operations?

“Answer: Yes.”

“Interrogatory No. 20: Did the defendant agree to permit a representative of the plaintiff to inspect defendant’s production machinery for manufacturing slide fasteners and/or stringers therefor?

“Answer: Yes.”

“Interrogatory No. 21: Give the full name and title in the plaintiff’s organization of one Grosvenor McKee.

“Answer: Grosvenor S. McKee, Vice President, [521] Works Manager, and a Director of Talon, Inc.”

“Interrogatory No. 24: If the answer to the preceding interrogatory is in the affirmative, please

state the date on which such inspection was made.

“Answer: The inspection was made on or about April 15, 1948 at 10731 Chandler Boulevard, North Hollywood, California.”

“Interrogatory No. 27: Did the said McKee make any report to plaintiff following his inspection of defendant’s machinery and equipment?”

“Answer: Yes.”

“Interrogatory No. 28: If the answer to the preceding interrogatory is in the affirmative, please state the nature and contents of such report and the date on which such report was made to plaintiff.

“Answer: Attached hereto and marked Plaintiff’s Exhibit 3 is the report of Grosvenor S. McKee to the plaintiff, dated April 29, 1948, to which interrogatories 27 and 28 refer.” [522]

“Interrogatory No. 34: State whether the claims of any of the patents listed in interrogatory No. 30 have been interpreted by a duly constituted Court of competent jurisdiction as to their scope, and the titles of the actions in which such interpretations were made and the name and location of the Court making any such interpretation.

“Answer: Only as shown by the information contained in Plaintiff’s Exhibit 4.”

“Interrogatory No. 52: If the answer to the preceding interrogatory is in the affirmative, state the nature and extent of such use, the date on which such use was commenced, and the persons involved in said use.

“Answer: About April, 1947, plaintiff first used

machines embodying the invention of U. S. Letters Patent No. 2,437,793, and, except for a preliminary test period, has continued to use such machines in extensive commercial operations since that date and at present is operating 16 of such machines at plaintiff's Wilson Division in Cleveland, Ohio, and is operating other machines in its subsidiary plant, Cierre Relampago S.A. de C.V., Mexico City, Mexico. Wilson Division [523] was originally managed by Harold W. Soles, presently managed by David E. Case. Mexican operations under management of F. N. Rutherford."

"Interrogatory No. 68: State the name and address of each firm or individual manufacturing slide fasteners or slide fastener chain or components who were invited or urged to obtain licenses from plaintiff under any one or more of the patents here in suit for their manufacturing or other operations in connection with slide fasteners or slide fastener chain.

"Answer: The meaning of the term 'invited' as employed in interrogatory 68, is not understood. The parties to whom plaintiff expressed a willingness to grant such licenses include the defendants in all of the suits listed in the answer to interrogatory 30, as shown by the agreements supplied in answer to interrogatory 36. While licensing proposals were discussed generally with numerous other firms or individuals, including the present defendant, plaintiff has been unable to ascertain that any specific licensing proposal has been made by plaintiff to each such other firm or individual."

“Interrogatory No. 82: Was a meeting held in the Los Angeles office of Talon, Inc., during 1949 at which representatives of plaintiff and representatives of other firms engaged in the slide fastener industry were present?

“Answer: Yes.”

“Interrogatory No. 83(a): If the answer to the preceding question is in the affirmative, state:

“(a) What companies engaged in the slide fastener business were represented at said meeting.

“Answer: California Slide Fastener Company, Roxy Thread Company, Union Slide Fastener Company and Talon, Inc.”

“Interrogatory No. 83(b): (b) the names of the representatives of each company represented at said meeting, including the exact names of the representatives of the plaintiff.

“Answer: California Slide Fastener Company by Mr. Eisenburg; Roxy Thread Company by Mr. Knapp; Union Slide Fastener Company by Mr. Philip Lipson; and Talon, Inc. by Messrs. William B. Jager and C. F. Detweiler.” [525]

“Interrogatory No. 83(c): (c) at whose request such meeting was held.

“Answer: The meeting was held at the request of Mr. Knapp of California Slide Fastener Company, Roxy Thread Company and Union Slide Fastener Company relayed to Talon, Inc. through Apparel Manufacturing Supply Company.”

“Interrogatory No. 83(d): (d) the purpose of said meeting.

“Answer: The purpose of the meeting was to discuss market conditions.”

“Interrogatory No. 83(e): (e) state whether any discussion was had at said meeting concerning the then current prices of the standard 7 inch skirt zipper.

“Answer: Yes.”

“Interrogatory No. 83(f): (f) specify the cost of manufacture at that time of the standard 7 inch skirt zippers manufactured (1) by Talon; (2) by Wilzip Corporation.

“Answer: Affiant does not have the information sufficient to answer this interrogatory, and [526] the interrogatory is immaterial, improper and irrelevant and seeks to pry into information which is a trade secret of plaintiff. At no time have Wilzip zippers, as manufactured by the Wilson Division of Talon, Inc., been shipped into this competitive market.”

“Interrogatory No. 83(g): (g) state whether a representative of plaintiff advised those present at said meeting that unless they maintained a price of .045 for standard 7 inch skirt zippers, plaintiff would take retaliatory measures by selling the Wilzip brand 7 inch zipper at less than .045 ‘just as plaintiff was doing in the East, to-wit, selling said 7 inch zippers at .035, thereby forcing the smaller slide fastener manufacturers out of business.’

“Answer: No.”

“Interrogatory No. 83(h): (h) state whether a representative of Talon, Inc. also stated that Talon, Inc. was going to introduce its Wilzip brand on

the Pacific Coast and that unless the other local manufacturers maintained the price of .045 for 7 inch zippers, Talon would offer their Wilzip zippers at .0375 or .035 or even as low as .02. [527]

“Answer: No.”

“Interrogatory No. 86: State whether plaintiff is a member of the Slide Fastener Association.

“Answer: Plaintiff is a member of Slide Fastener Association, Inc., having its office at One Wall Street, New York 5, N. Y.”

“Interrogatory No. 87: State whether Wilzip Corporation is a member of the Slide Fastener Association.

“Answer: The Wilzip organization to which interrogatory 87 appears to refer is not a separate corporation but is merely a division of Talon, Inc. and is not itself a member of any such association.”

“Interrogatory No. 88: If the answer to either or both the preceding two questions is in the affirmative, state when plaintiff became a member of such association and when Wilzip Corporation became a member of said association.

“Answer: Plaintiff became a member of the association at its inception, namely, May 2, 1950.”

“Interrogatory No. 92: State the names and home addresses of any persons or firms holding licenses from plaintiff or Wilzip Corporation under patents owned by plaintiff or Wilzip Corporation under patents owned by plaintiff or Wilzip Corporation who are members of the Slide Fastener Association.

“Answer: See attached list, Plaintiff’s Exhibit 7. Wilzip Division owns no patents.”

“Interrogatory No. 95: State whether plaintiff has made any use of the trade name and facilities of Wilzip Corporation.

“Answer: The Wilson Division of Talon, Inc. has used and uses its trade name and facilities, and the Wilson Division is a part of Talon, Inc. To this extent, the trade name and facilities of the Wilson Division have been used by Talon, Inc.”

“Interrogatory No. 97: Is the plaintiff aware of a widely published prospectus on the letterhead of one David Silberman of 10 MacDougal Alley, New York, New York, dated September 25, 1949 and purporting to expound a plan to cure the ills in the slide fastener industry? [529]

“Answer: Yes.”

“Interrogatory No. 98: If the answer to the preceding question is in the affirmative, was Talon, Inc. aware of the listing of its name on the aforesaid letterhead in the upper left-hand corner of the letterhead of the aforesaid prospectus under the heading of ‘United States’?

“Answer: Plaintiff was not aware of the listing of its name on such letterhead until after the prospectus was mailed and sent to the trade. At that time, it then objected to such use of its name on its letterhead.”)

Mr. Leonard Lyon: Would it be of any assistance to the court of these questions and answers in evidence here now be reproduced in the transcript at this point so the court wouldn’t have to go through all these documents.

The Court: Where were you two minutes ago?

Mr. Leonard Lyon: I was talking with my associate.

The Court: Mr. Lyon, that is just what went on here. The suggestion was made and I directed the reporter to copy the questions and answers into the record. [530]

Mr. Leonard Lyon: I am glad I agree with the court for once.

The Court: I don't want the record to read as it sounds when I said "Where were you a few minutes ago?"

The record will show that we were treating this in a rather humorous manner. There was some other work going on at counsel table and Mr. Lyon did not hear the remarks of the court. [531]

Mr. Graham: If your Honor please, with respect to a defendant's Exhibit U already admitted in evidence, I would like to direct your particular attention to paragraph 5, subdivisions (c) and (d), both of which appear on page 129 of the May 8 answers to interrogatories; May 8, 1952.

The Court: (c) and (d)?

Mr. Graham: Yes, sir, (c) and (d).

The Court: Do you see anything particularly wrong with that?

Mr. Graham: Only as part of the whole picture.

The Court: It is just one of the bricks in the wall.

When I read these over, I was more impressed—I won't say more impressed—but more interested in Exhibit U, page 122, the stipulation that the ac-

tion pend as long as possible from year to year.
The bottom part of page 122.

Mr. Graham: If that wasn't directed to your attention, your Honor, I thought it had been.

The Court: I suppose primarily that is a problem for the court in which the action was pending, but it might be subject to some inferences.

All right.

Mr. Graham: If your Honor please, there were further answers to interrogatories propounded by defendant, which were filed in court on February 19, 1953, and attached to that document are two agreements which I wish to introduce in evidence, [532] offer in evidence.

The Court: This was the series of interrogatories that ran commencing with No. 107?

Mr. Graham: That is correct, your Honor.

The Court: All right.

Mr. Graham: The first agreement which I wish to offer in evidence is an agreement dated June 19, 1945, between G. E. Prentiss Manufacturing Co. and Cap-Tin and David Silberman, which appears at pages 32 to 48 of that document.

The Clerk: Does that include page 48?

Mr. Graham: Yes.

The Court: That will become Exhibit AA, Mr. Clerk.

The Clerk: Yes.

The Court: Exhibit AA received in evidence.

(The document referred to was received in evidence and marked as Defendant's Exhibit AA.)

Mr. Graham: I wish to direct your particular attention, your Honor, to the first paragraph which doesn't have a number at the top of page 33; to the paragraph marked 1, also on page 33.

The Court: All right. Let me look at it.

All right.

Mr. Graham: Do you have reference to paragraph marked 1 on page 33?

The Court: Right. [533]

Mr. Graham: And to the paragraph marked 3 on page 34?

The Court: Yes.

Mr. Graham: That is all in that particular agreement.

The Court: Go ahead.

Mr. Graham: The next agreement appears on pages 49 to 55 of the further interrogatories between Charm Slide Fastener and Lange, Max Lange and Slidelock Corporation.

The Court: It runs from pages 49 to 55?

Mr. Graham: Pages 49 to 55.

The Court: It will be Exhibit AB received in evidence.

(The document referred to was received in evidence and marked as Defendant's Exhibit AB.)

Mr. Graham: I wish to direct your particular attention, your Honor, to the last Whereas clause on page 49, and the first Whereas clause on page 50.

The Court: Who is the second party here?

Mr. Graham: The second party is Lange and Slidelock.

The Court: What on page 50?

Mr. Graham: The first Whereas clause.

The Court: Yes?

Mr. Graham: Paragraph marked 3 on page 50.

The Court: There is no paragraph 3 on page 50. Page 51?

Mr. Graham: It is paragraph 3 of the agreement.

I may not have copied it correctly. I don't happen to have a copy of that; I used the court's copy. [534]

The Court: It is paragraph Third on page 51.

Mr. Graham: And also paragraph Fourth on page 51.

The Court: Yes.

Mr. Graham: Do you have the reference to paragraph Fourth?

The Court: Yes.

Mr. Graham: That is all as far as that agreement is concerned.

Your Honor, in the pretrial stipulation it was agreed by the plaintiff that certain other agreements would be produced at the trial. Those agreements have been shown to me over the week-end, and I would like now to have them back from plaintiff's counsel so that I may offer them in evidence.

Mr. Leonard Lyon: I think if you will identify them as you go along, we will produce them.

Mr. Graham: The first agreement that I have in mind is with the Universal Fastener Corporation. I don't have the exact title.

Mr. Leonard Lyon: I hand a copy of the agree-

ment between Talon and Universal of May 22, 1945, to counsel.

The Court: What is the date of the agreement?

Mr. Graham: May 22, 1945.

The Court: Between Talon and Universal?

Mr. Graham: Between Talon and Universal Slide Fastener Company, Inc. [535]

The Court: Do you offer it in evidence?

Mr. Graham: I do offer it in evidence, your Honor.

The Court: Received in evidence as Exhibit AC.

(The document referred to was received in evidence and marked as Defendant's Exhibit AC.)

Mr. Leonard Lyon: There are no copies of these agreements that we are in the process of producing, and I would like to have it understood that we can withdraw them and have copies made, a copy for you and a copy for ourselves, and then the exhibit returned to the clerk.

The Court: It may be withdrawn upon the substitution of a photostatic copy, or a typed copy if approved by counsel.

My thought was this—that a photostatic copy won't need any approval, but if you substitute a typed copy, get an okay on it.

Mr. Charles Lyon: The practical problem is, may we withdraw them at the close of trial today so we can make the photostat?

The Court: They may be withdrawn, also, from the clerk into custody of counsel for the purpose of making copies.

Mr. Graham: I wish to draw your particular attention, your Honor, to paragraphs 3, 4, and 5 of that agreement.

The Court: Is this agreement still in force and effect?

Mr. Leonard Lyon: Yes, your Honor.

The Court: Can that be a stipulation between counsel, my [536] statement to Mr. Lyon?

Mr. Lyon: Yes, your Honor.

Mr. Graham: I agree.

RALPH E. MEECH

the witness on the stand at the time of adjournment, having been heretofore duly sworn, was examined and testified further as follows:

Mr. Leonard Lyon: That is correct, isn't it, Mr. Meech, the Universal agreement is still in effect?

The Witness: It is if the patents that they are licensed under are still alive.

Mr. Leonard Lyon: Maybe I gave the wrong answer. I will have to look at the agreement and see the dates of the patents and see if they have expired.

The Court: It is obvious from the face of the document that some of them are in existence, because the Universal patents were applied for in '42 and '43.

Mr. Leonard Lyon: But the covenants running under the plaintiff's patents would terminate, I suppose, I haven't read this agreement with that in mind, would terminate when those patents terminated.

(Testimony of Ralph E. Meech.)

The Court: As to a particular patent?

Mr. Leonard Lyon: Yes, as to each patent.

The Witness: There was one patent, your Honor, that is [537] still alive and that will expire in '56.

The Court: Which one is that?

The Witness: Poux patent 2,169,176.

The Court: That is a different Poux than we have been talking about?

The Witness: That is correct.

The Court: A different Poux patent than we have been talking about?

The Witness: Yes.

The Court: We have been talking about '017.

The Witness: Yes.

The Court: All right.

Cross Examination—(Resumed)

Q. (By Mr. Graham): With respect to the Universal agreement which has been admitted in evidence as Defendant's Exhibit AC, Mr. Meech, do you recall whether any royalties have been received by Talon under the terms of that agreement?

A. No, we have received no royalties.

Q. Received no royalties?

A. That is correct.

Q. Have you received pursuant to the terms of that agreement any certificates from year to year certifying as to the number of free sales made by Universal? [538]

A. Yes, that information is interchanged.

Q. You have got reports regularly?

(Testimony of Ralph E. Meech.)

A. That is correct.

Q. Right up to date?

A. As far as I know.

Q. Up to 1954, in any event?

A. As far as I know.

Q. Universal is now known as Serval, is that correct?

A. That is correct.

Q. And Serval is one of the larger manufacturers in the zipper business, is that correct?

A. I would say that they are one of the leaders, yes.

Q. Would you know their approximate position in the zipper industry?

A. I would have no idea. It would be purely a guess if I attempted to answer it.

Q. Somewhere down the line after Talon and Conmar?

Mr. Leonard Lyon: If your Honor please, I object to the indefiniteness of this line of examination. As I understand it, and I may not, there are about 300 zipper manufacturers in the United States, and a guess as to their order of magnitude couldn't be very helpful to the court.

The Court: Well, that is true, except that I would imagine Mr. Meech would have some general information as to the relative size of these companies. He is an official of the company. [539] I imagine he knows what is going on, as well as watching patents cross his desk.

If you don't know, say so, but a guess doesn't help us any. Are they in the first 10, do you know?

(Testimony of Ralph E. Meech.)

The Witness: I would say they are, your Honor.

The Court: The first five?

The Witness: That is pretty close to the dividing line, your Honor.

The Court: Go ahead.

Mr. Graham: The next agreement, Mr. Lyon, which I should like to offer in evidence is the agreement with Strauss.

Mr. Leonard Lyon: I hand to counsel a copy of the agreement dated August 9, 1945, between Talon and Strauss Fasteners, Inc.

The Court: Do you offer it in evidence?

Mr. Graham: I do, your Honor.

The Court: It will be marked as Exhibit AD and received in evidence.

(The document referred to was received in evidence and marked as Defendant's Exhibit AD.)

Mr. Leonard Lyon: If your Honor please, may I look at that agreement, please?

(Document handed to counsel.)

Mr. Leonard Lyon: This agreement does not appear to relate to either of the two patents in suit. I understand it has [540] long since terminated, and I don't know how far we should go into old agreements that are no longer in effect. As I understand it, they can have no effect in this proceeding.

Here is an agreement made in 1945. Is it still in effect, Mr. Meech?

The Witness: No, sir.

(Testimony of Ralph E. Meech.)

Mr. Leonard Lyon: How did it terminate?

The Witness: Strauss Fasteners, Inc., sold their assets to Siegel Lock. Naturally the license went along with the machines and equipment. About five years ago Siegel Lock discontinued the fastener business and their machines were sold on the open market. [541]

Mr. Leonard Lyon: To whom?

The Witness: On the open market.

Mr. Leonard Lyon: And the license did not continue?

The Witness: That is right.

Mr. Leonard Lyon: I raise the question, your Honor, as to the scope of this proceeding as to whether we should encumber the record with licenses of this kind.

If there is any materiality that can be shown to this license, why, I will withdraw my objection, but——

The Court: If you have any point in connection with the antitrust laws don't you have it on the basis of other agreements apart from this?

Mr. Graham: Well, your Honor, I believe that all of these agreements bear upon the intent of the plaintiff and show a pattern of restrictive licenses.

The Court: Well, I think it is true that whatever that intent is, that agreements made at various times, even agreements covering patents would show the intent if there was an intent, but assume that is true, that these are points that you have

(Testimony of Ralph E. Meech.)

brought out by your other agreements without bringing in every possible agreement.

Mr. Graham: Well, if there should be any doubt about our version of the plaintiff's intent and pattern I feel that we should support it with a series of agreements that were made all at about the same time. [542]

The Court: What is the significance of this agreement?

Mr. Graham: I have some questions to ask the witness.

The Court: All right.

Q. (By Mr. Graham): Mr. Meech, I call your attention to paragraph 2(b)——

The Witness: May I have the exhibit, please?

(Document handed to the witness.)

Q. (By Mr. Graham): Paragraph 2(b) of the Strauss agreement. A. Yes.

Q. Now, as I read that paragraph it is the grant of a royalty-free license by Talon to Strauss under a Firing patent and application, both of which belonged to Strauss from the contention of the agreement.

The Court: I looked it over and it says "A grant of license, Talon to Strauss on the Strauss patents insofar as those patents have any of the elements of Talon patents." Isn't that the gist of it?

Mr. Graham: Yes. I wanted to find out from Mr. Meech if he recalls the purpose of that clause.

The Witness: I don't know the purpose of it. In what manner do you mean?

(Testimony of Ralph E. Meech.)

Q. (By Mr. Graham): I just wondered why a clause of that kind was put in which is a little bit incongruous in that it grants a license by Talon on a patent and application [543] which Talon doesn't own.

Mr. Leonard Lyon: I don't think that is a correct statement of the clause.

The Witness: I don't interpret it that way.

Q. (By Mr. Graham): You don't recall what the purpose of the clause was?

A. Well, it was to give Strauss or Talon a license, that is the purpose of it, under the Firing patents and application.

Mr. Graham: I think we will pass that. I would like to offer it in evidence.

The Court: It is in evidence already.

Mr. Graham: Mr. Lyon, I would like to have the agreement between Talon and Marvel dated May 7, 1948.

Mr. Leonard Lyon: I hand counsel a copy of the agreement dated May 7, 1948 between Talon, Inc. and Marvel Slide Fastener Corporation.

The Court: Are you offering this in evidence?

Mr. Graham: I do offer this in evidence, your Honor.

The Court: It will be marked Exhibit AE and received in evidence.

(The document referred to, marked Defendant's Exhibit AE, was received in evidence.)

Q. (By Mr. Graham): I call your attention, your Honor, to paragraphs 3, 4 and 5. [544]

(Testimony of Ralph E. Meech.)

Mr. Leonard Lyon: May I look at it?

Mr. Graham: The court has it.

The Court: Is this an agreement still in effect as to some patents?

The Witness: Yes, sir.

The Court: And it follows the same pattern, does it not, counsel?

Mr. Graham: Yes.

Q. (By Mr. Graham): Have any royalties been received by Talon under that agreement?

A. No, they have not. I might add that this company is temporarily inactive.

Q. How long has that condition existed?

A. I would say within the last year or two.

Q. But until then they had been active?

A. So far as I know.

Mr. Graham: Mr. Lyon, I would like to have an agreement between Talon and Hared Manufacturing Company, dated October 29, 1946.

The Court: We will take a short recess and during the recess counsel will select the ones that you want. The next series will be AF. You will have them ready for marking and by that we will save time.

Mr. Graham: Yes.

(Short recess.) [545]

The Court: Proceed.

Mr. Graham: I wish to offer in evidence, your Honor, as Defendant's Exhibit AF, agreement dated October 29, 1946, between Talon and Max Herman, Harold Herman, Edward Herman, and

(Testimony of Ralph E. Meech.)

Jenny Herman, doing business under the name and style of Hared Fastener Company.

The Court: Received in evidence as Exhibit AF.

(The document referred to was received in evidence and marked as Defendant's Exhibit AF.)

Mr. Graham: I also wish to offer in evidence as Defendant's Exhibit AG, agreement dated June 1, 1945, between Talon, Inc., Rex Slide Fastener Corporation, and Abe Ernst, doing business under the name and style of Ernst Slide Fastener.

The Court: Received in evidence as Exhibit AG.

(The document referred to was received in evidence and marked as Defendant's Exhibit AG.)

Mr. Leonard Lyon: I am not by my silence intending to indicate whether these agreements are in effect, your Honor. I don't like to interrupt, but it would be helpful if the record showed which of these agreements is in effect and which are not.

The Court: As to AF, the Hared agreement, do you know whether it is still in effect?

The Witness: The Hared Fastener Company was sold, to whom I do not know, but it was to one of our competitors, I [546] believe it was Conmar, or Conmar's interests.

The Court: When?

The Witness: Within the past two years, your Honor.

Mr. Leonard Lyon: Did the purchaser assume the Hared license agreement, its performance?

(Testimony of Ralph E. Meech.)

The Witness: Well, Conmar does not need a license under that, because they have a license under the patents anyway.

Mr. Leonard Lyon: Then this particular agreement to Hared did not pass into Conmar's hands so as to bind Conmar as to performance?

The Witness: That is correct.

The Court: What about the Rex agreement, Exhibit AG?

The Witness: The agreement with Rex and Ernst was superseded by a later agreement, and that is no longer in effect.

The Court: The later one is no longer in effect?

The Witness: The one that is in evidence.

The Court: Do you know the date of the later agreement?

The Witness: It was seven or eight years ago, as I recall.

Mr. Graham: May I ask if the plaintiff has a copy of the later agreement?

Mr. Leonard Lyon: Have we got a copy?

The Witness: We do not have a copy here in Los Angeles.

Mr. Leonard Lyon: If you want it, we will send for it.

Mr. Graham: If it involves the Poux or the Silberman patent, I do want it.

The Witness: It involves the Poux patent, but it is merely a cross-license, free of royalty or any kind of restrictions.

Mr. Leonard Lyon: No quotas?

(Testimony of Ralph E. Meech.)

The Witness: No quotas.

Mr. Leonard Lyon: We will have that agreement here, your Honor, as soon as we can get it here.

The Court: All right. Go ahead.

Mr. Graham: I also wish to offer into evidence as Defendant's Exhibit AH, agreement dated June 1, 1934, executed May 17, 1934, between Hookless Fastener Company, the American Fastener Company, and the Sterling Novelty Manufacturing Company.

Mr. Leonard Lyon: That agreement was made in 1934, doesn't relate to any of the patents in suit, and I believe that by its terms it expired at the end of 10 years from 1934, and the agreement was never in effect at any time that the defendant was operating. I can't see how it could affect any issue in this case.

The Court: Well, at best it could show an intention to do something or not to do something in 1934, and thereafter during the life of the agreement. That is pretty remote. It might conceivably assist, but it seems to me that unless you have got something that you can rely upon in these agreements [548] that come clearly within the statute of limitations, you are not going to help yourself by these old ones.

Mr. Graham: If your Honor please, there was attached to that agreement, when I saw it, a letter which indicates that royalties on the agreement had been paid through 1947 or '48. [549]

(Testimony of Ralph E. Meech.)

Mr. Leonard Lyon: I think I have the letter. It is an unsigned copy. At least it is a typewritten copy. I presume it is the correct letter. You might identify the letter. What is the date of it?

Mr. Graham: The letter is dated June 9, 1950.

Mr. Leonard Lyon: And it is referring to the fact that somebody sent some royalties by mistake. You might read the letter to the court. I think it is short.

The Court: Let me see the letter.

(Document handed to the court.)

The Court: Is this part of this file?

Mr. Leonard Lyon: Yes, your Honor. It was annexed to this copy. I don't know that it was originally in the file but I assume it was.

The Court: It was annexed to the copy of the contract which is now Exhibit AH for identification.

Mr. Leonard Lyon: And also there was annexed another letter signed by American Fastener Company—addressed to the American Fastener Company by Talon which I think should be identified.

Mr. Graham: This is a copy of a letter from Talon directed to American Fastener Company and Sterling Novelty Company dated July 7, 1938, which refers to modifications of the original agreement.

The Court: All right. Exhibit AH received in evidence. [550]

The letter of 6/9/50, a copy of it which apparently, according to the statement of counsel, was

(Testimony of Ralph E. Meech.)

attached to the contract Exhibit AH and fastened to it, apparently is a record of the Talon Company, which will be marked AH-1 and received in evidence.

(The documents referred to were received in evidence and marked Defendant's Exhibits AH and AH-1.)

The Court: The copy of the letter to American Fastener Company dated July 7, 1938, from Talon, with an acceptance by the American Fastener Company on the bottom, apparently being a copy relating to the same subject matter—I take it this is also a record of the Talon Company.

Mr. Leonard Lyon: That was also annexed to the copy of the contract which was produced from the files here.

The Court: It will be received in evidence as Exhibit AH-2 so we will have them all together.

(The document referred to was received in evidence and marked as Defendant's Exhibit AH-2.)

Mr. Graham: Now, if your Honor please, I wish to direct your attention to special paragraphs in that agreement.

The Court: What are the paragraphs?

Mr. Graham: 2, 3, 4, 6, 7, and 8, and there are schedules attached, schedules 1 and 2, and a price list which does not seem to have any special designation but is referred to in the agreement. [551]

The Court: This is very remote. Assuming that there are some things in here that you might think

(Testimony of Ralph E. Meech.)

you could avail yourselves of, unless you can tie in that same practice or a similar practice carried down for a period of time that you are concerned with, you wouldn't have anything. I haven't read it.

The corporation might easily engage in a conduct that would be clearly unlawful and abandon it. Let me look this over.

Mr. Leonard Lyon: I also might call your Honor's attention to the fact that in 1933 when this agreement or these agreements were made, the plaintiff owned patents on the zippers themselves as evidenced by the one that Judge Yankwich sustained in this court.

Those were licensed under those patents whereas here we are dealing with patents on methods and machinery for making zippers and the plaintiff's rights under their patents.

The scope of their licensing was an entirely different status then than it is now.

I don't think it has been established whether there has been any performance under this particular agreement since 1945, the date of the letter Exhibit AH-1.

The Court: You may inquire of the witness.

Mr. Leonard Lyon: What is the fact as to that, Mr. Meech? [552]

The Witness: To the best of my knowledge, there has been no activity by the licensee at least since the war.

I believe there was a \$100 annual payment that we did collect, maybe wrongfully, but that was for

(Testimony of Ralph E. Meech.)

a license under the Pinlock patent and if it was paid, it was paid for that reason. At present they are not active.

Mr. Leonard Lyon: When was that last payment made?

The Witness: Oh, some years ago.

Mr. Leonard Lyon: How long ago?

The Witness: Oh, about, I would say, six or seven years ago, as I recall.

Mr. Leonard Lyon: Has there been any performance or any payments made under that agreement since that time.

The Witness: No, sir.

Mr. Leonard Lyon: To your knowledge?

The Witness: No, sir.

Q. (By Mr. Graham): Mr. Meech, were any reports made by American or Sterling as to their production of slide fasteners?

Mr. Leonard Lyon: From the date of the agreement to the date of its termination.

The Witness: There may have been in the early days of the agreement, but I have seen none since I have been with the company. [553]

Q. (By Mr. Graham): There weren't any in the last few years? A. That is correct.

The Court: Well, of course the contract is probably an illegal contract in that any agreement—assuming of course interstate commerce and impact on interstate commerce—any agreement that divides a market or fixes prices is per se a violation of the antitrust laws. However, the agreement is

(Testimony of Ralph E. Meech.)

made in '33, '34, and only ran for 10 years, although inadvertently royalties were paid in '45 and '46. It is conceded it doesn't involve any of the patents here in suit, is it not, Mr. Graham?

Mr. Graham: That is correct.

The Court: I don't see that any harm is done in letting it in. I get the impression—I will say for the record—that apparently this company has been learning and growing up a little bit as far as its contracts are concerned. You start out with this exhibit, and then the later ones we don't find any more price fixing or dividing markets, but there are quota arrangements, and then finally we get into an era where there isn't even quota fixing, just cross-licensing.

Those are the inferences that I would draw. Does anyone find any complaint with that?

Mr. Leonard Lyon: I might say, your Honor—

Mr. Graham: I don't know whether you want it on the [554] record, your Honor, but my feeling is that they have just learned new ways of controlling the trade.

Mr. Leonard Lyon: In 1927, the Supreme Court, Chief Justice Taft, ruled in *U. S. vs. General Electric Company*, that a patentee fixing prices of his own volition under his own patent, not by any pooling arrangement or agreement with anybody else, but establishing prices, could legally do so, the price of his manufacturing licensee, not the retail price, or the sub-price, but the original manufacturer's price, he could set it; and as far as I

(Testimony of Ralph E. Meech.)

know that is still the law, although the Department of Justice has been trying to get that case overruled for a great many years.

The Court: Well, of course the contract has to be considered, also, in the light of changing law from year to year, and there has been a lot of development in the antitrust law in the period of time.

Mr. Leonard Lyon: I don't think a man's intent, what he did in 1933, with respect to the anti-trust laws, would be subject to quite the same test as it was in 1953. I think people had different ideas of antitrust laws then than they have now.

The Court: All those factors have to be taken into account. But for the use of showing the company's intent and concept of what it thought was proper in 1934, is there any reason why this shouldn't be considered? This is '55 now. [555]

Mr. Leonard Lyon: I don't think so. It seems to me the fact that they didn't do it any more in 1945, under the different patent status, establishes an intent in our favor, rather than against us.

The Court: I will say very frankly, if I am going to make any finding on antitrust laws, it is going to have to be made on something a lot more current than Exhibit AH.

Mr. Graham: I understand that.

The Court: AH standing alone wouldn't do a thing. If you have got something else, maybe this fills in some gap and shows some changing plan.

For what it is worth, it is in evidence.

(Testimony of Ralph E. Meech.)

(The document referred to was received in evidence and marked as Defendant's Exhibit AH.)

Mr. Graham: I believe that it shows a plan right from the start to restrain competition. The form of the plan changed with the years, but the plan has always been the same.

Your Honor, I had another exhibit to offer, but the pattern of the agreement is almost identical with Defendant's Exhibit AH, so I will not burden the court with this additional exhibit.

Mr. Leonard Lyon: Well, that other agreement is not in effect and hasn't been in effect since before the war. I would like that to appear, seeing you made the statement. You are referring now to the U. S. Rubber agreement? [556]

Mr. Graham: I am, and that bears the notation—I don't know in whose handwriting—that it expires in 1950.

Mr. Leonard Lyon: Maybe you can tell us what the facts are about that agreement.

The Court: Of course, if you keep talking about it, we will eventually have the exhibit in evidence here.

Mr. Leonard Lyon: We will leave it out if you want to leave it out.

Mr. Graham: Leave it out.

If the witness can have a copy of Exhibit AF, I have a few questions that I would like to ask him.

Q. (By Mr. Graham): Mr. Meech, I believe

(Testimony of Ralph E. Meech.)

you have before you the Hared agreement dated October 29, 1946. A. That is correct.

Q. Do you recall whether or not you paid any visit to the plant of the Hared Company before that agreement was made?

A. Yes, I believe I did.

Q. And that visit was made because you felt that they were infringing some of Talon's patents?

A. Infringement was the question, but I don't know whether it was done at Mr. Hared's request—that is, Max Herman, rather, I should say—or on my own or our own volition.

Q. In any event, you did visit the plant?

A. That is correct. [557]

Q. And that plant is located where?

A. I believe on Allegheny Street in Philadelphia.

Q. Did you inspect the machines that Hared was operating at that time?

A. I don't recall whether I inspected the machines at that time, but I believe I did. [558]

Q. You believe you did?

A. I believe I did.

Q. And do you recall how many machines there were?

A. At that time? I don't recall how many machines Mr. Herman had.

Q. Do you recall what type of machines they were?

A. It was the, as I recall, the Conmar type machine—it preformed by rolling.

(Testimony of Ralph E. Meech.)

Q. Did you discuss with Mr. Herman the operation of the machine—where he had gotten the machines?

A. I don't believe that that was in discussion at that time.

Q. Didn't you have some interest in where the machines were manufactured?

A. Not particularly. I just observed that they were of the Conmar type and I didn't care who manufactured them.

Q. You didn't inspect any plate that you sometimes see on these machines?

A. No, I did not.

Q. Any plate that you sometimes see on these machines?

A. No, I did not.

Q. Showing who manufactured them?

A. No, I didn't.

Q. You didn't discuss that subject with Mr. Herman?

A. That is correct. [559]

Q. From your inspection of the machines you wouldn't say that they were the Silberman type machine, would you?

A. Not as we know the Silberman type machine, no.

Q. What were the differences between the machines that Hared had and the Silberman machine?

A. As I explained before, the Conmar type machine was merely an attaching machine which cut the scoops from preformed wire and attached them to the stringer tape.

(Testimony of Ralph E. Meech.)

Q. Was that the only difference, the fact that Hared operated on preformed strips?

A. I don't exactly understand what you mean by "the only difference."

Q. Well, carrying out the other operation necessary to produce the zipper chain was the only difference between the Hared machine and the Silberman machine the fact that Hared operated on a preformed strip?

A. Oh, no. There were other differences in the machine.

Q. Were they old machines?

A. Well, it has been so long ago since I saw them that I don't remember whether they were old or new.

The Court: What is the significance of what kind of machines were being operated by Hared?

Mr. Graham: You wish that statement from me, your Honor?

The Court: Yes.

Mr. Graham: One of the depositions that will [560] be introduced in evidence, the deposition of John Havekost, contains a statement made by Mr. Havekost that the machine which he designed—he said he designed a machine for Mr. Silberman and that with his drawings he had parts made to assemble the machine by the Southern Engineering and Metal Manufacturing Company in Florida; that those parts were shipped to the Hared Fastener Company in Philadelphia and that they were

(Testimony of Ralph E. Meech.)

assembled by the Hared Fastener Company from the Havekost drawings.

I was trying to find out whether Mr. Meech could add to that story or contradict it or whatever the truth is.

The Court: According to Havekost those machines then were Silberman machines?

Mr. Graham: They were Havekost machines. They were machines that he claimed not wholly to have invented but parts of which he said he did invent.

The Court: I understand the significance of the question. You may proceed.

Q. (By Mr. Graham): Mr. Meech, do you have a copy of the interrogatories filed—answers to interrogatories filed May 8, 1952?

A. Is that in answer to the first group of interrogatories or the second group?

Q. The first group.

A. Yes, I have. [561]

Q. I call your attention to page 48, which is a page in the agreement dated April 18, 1949 between Talon and David Silberman.

A. Page 48?

Q. Yes, page 48 in the answers to the interrogatories.

A. I must have the wrong set of answers.

The Court: That is right. Exhibits attached there and numbered right on through.

The Witness: Excuse me. I see. I thought you meant the interrogatories proper.

(Testimony of Ralph E. Meech.)

The Court: Which paragraph?

Mr. Graham: Paragraph 8, your Honor. I asked you to read paragraph 8, Mr. Meech.

The Witness: Yes.

Q. (By Mr. Graham): Do you recall why that clause was inserted in this agreement?

A. Well, it was done primarily for the purpose of protecting our interest in the event or I mean, when we bought the Silberman patent.

Q. Was it by any chance because you had heard about a claim that Mr. Havekost had made to being a co-inventor with Mr. Silberman?

A. Definitely not.

Q. Hadn't you heard that such a claim had been made from Mr. Max Lange of Slidelock? [562]

A. I did not.

Q. Now, Mr. Meech, you testified on Friday that—I believe you testified and you correct me if I am wrong, that Talon had hundreds of licenses, license agreements?

Mr. Leonard Lyon: I don't remember quite that.

Mr. Graham: The witness will know what he said.

The Witness: I don't believe I said hundreds.

Q. (By Mr. Graham): Well, do you have a great many license agreements?

A. What do you mean by "a great many"?

Q. 100. A. No.

Q. You don't have 100 license agreements?

A. I wouldn't say we had a hundred.

Q. 75? A. No.

(Testimony of Ralph E. Meech.)

Q. 50? A. No.

Q. Less than 50?

A. I would say it would be less than 50.

Mr. Leonard Lyon: So the matter won't be left hanging on a limb, will you state as nearly as you can how many licenses you have issued since 1945?

The Witness: That is difficult to determine when we consider all the license agreements that I have negotiated. [563]

Don't forget we have other licenses on other subject matters.

Mr. Leonard Lyon: I am talking about slide fastener machines or methods of manufacture.

The Witness: The reason I am stating this, Mr. Lyon, is that it would be difficult to break it down and divide it without having a list before me. But I would say in the neighborhood of about 30, 25 or 30.

Q. (By Mr. Graham): Talon has purchased other patents, isn't that so, besides the Silberman patent?

A. Yes. We have purchased other patents from time to time.

Q. And you purchased Poux '017?

A. We purchased the application when Poux came back with us in the capacity of an engineer.

Mr. Leonard Lyon: I think you should state more fully under what circumstances you acquired the Poux patent.

The Witness: The Poux patent, the application form, rather, was acquired from Noah Poux in

(Testimony of Ralph E. Meech.)

1936, I believe, when he came back with Talon, as one of the assets.

Q. (By Mr. Graham): And you have purchased other patents? A. That is correct.

Q. Do you have any estimate of how many you may have purchased? [564]

Mr. Leonard Lyon: Over what period of time?

Mr. Graham: Since 1940.

The Witness: Since 1940? A dozen would be the outside. Probably somewhere around six or ten.

Mr. Leonard Lyon: Are those confined—are those limited to zipper machines and method of manufacture or do they include other patents relating to zippers?

The Witness: They include other patents relating to zippers.

Q. (By Mr. Graham): If you recall in the agreements relating to the purchase of these other patents, was there a clause in those agreements similar to the clause contained in paragraph 8 of the 1949 Silberman agreement?

Mr. Leonard Lyon: I object to that. The agreements must be here, if the court please.

The Court: Sustained. [565]

Q. (By Mr. Graham): Mr. Meech, I call your attention to page 71 of 1952 interrogatories—I am sorry, that is page 72.

The Court: This is what? This is part of Exhibit S?

Mr. Graham: Just a moment, your Honor. I will check that.

(Testimony of Ralph E. Meech.)

The Court: It is part of Exhibit S.

Mr. Graham: That is it.

The Court: What is your question?

Q. (By Mr. Graham): There is listed there a suit in the United States District Court, Southern District of New York, Talon vs. Syncro Slide Fastener Corporation; at the time interrogatories were answered that suit was still pending. Do you know what happened to the action?

A. Yes, it has been dismissed. Syncro Slide Fastener Corporation is no longer in business.

Q. No longer in business?

A. That is correct.

Q. Do you know when they went out of business?

A. I would say four or five years ago.

Mr. Leonard Lyon: You say "dismissed"; was it dismissed with prejudice or without prejudice?

The Witness: Without prejudice.

Q. (By Mr. Graham): You say they went out of business about five years ago. This suit wasn't filed until May of 1949. [566]

A. I said four or five years ago. It was shortly after that.

Q. The suit was dismissed for lack of prosecution?

The Court: Was there an answer to that?

The Witness: Not exactly. Syncro was out of business, also.

Q. (By Mr. Graham): Well, that was the technical reason for it, for lack of prosecution?

(Testimony of Ralph E. Meech.)

A. I can't answer that.

Mr. Graham: If your Honor please, I believe I am through with the witness, but I do want to confer for just a minute or two with my colleague to see if he has something.

I have no further questions of this witness.

The Court: You may step down.

Mr. Leonard Lyon: I was just going ahead with an examination of the witness.

The Court: Go ahead. Pardon me. I told him to step down, Mr. Lyon.

The Witness: I didn't get down yet. [567]

Redirect Examination

Q. (By Mr. Leonard Lyon): Mr. Meech, in connection with Exhibit T and the winding up of the suit involving Closurette Corporation and the releases, you testified that Talon paid to Closurette something like \$2,000 to pay the counsel fees of Closurette in that case, is that right?

A. That is correct.

Q. Will you state to the court what circumstances moved Talon to make that payment?

A. Well, originally we thought we had filed suit against the right party, because there happened to be chain machines on the premises of Closurette. Later we found out that we had sued the wrong party, and that was the reason that we paid the fee.

Q. You found that the machines were where you thought they were, on the defendant's prem-

(Testimony of Ralph E. Meech.)

ises, but they did not belong to the defendant and were not operated by the defendant, is that correct?

A. That was his statement.

Q. And you couldn't prove otherwise?

A. That is correct.

Q. In connection with the various license agreements which have been received here in evidence, which embody royalty free quotas, and covenants that royalties will be [568] paid for production in excess of those quotas, other than the Conmar agreement, have any of the licensees ever reached the limit of their free quotas, according to the reports that they made to you?

A. No, they have not.

Q. In the case of the Conmar license, is it a fact that you did receive one report from Conmar showing that they had manufactured in excess of their royalty free quota?

A. That may have been so. Those reports do not come direct to me, and it is difficult to know exactly what happened from year to year. There may have been one year, but I am not quite sure. There was no royalty paid.

Q. Do you know what happened in that event?

A. I do not recall.

Q. You are satisfied that if Conmar's reports ever showed a production in excess of their free quota, that they were excused from paying the royalties on the excess, is that correct?

A. That is, correct.

(Testimony of Ralph E. Meech.)

Mr. Leonard Lyon: I think that is all, your Honor.

Mr. Graham: If your Honor please, I have just one question. [569]

Recross Examination

Q. (By Mr. Graham): Mr. Meech, during this same period that you state the licensees who had quotas provided for in their licenses never reported having exceeded the quotas, can you state whether during that same period that the production of Talon continued to increase and expand?

A. Some years it did and others it didn't.

Q. The overall average during that period?

A. Our volume of business has not increased materially. In fact, it has gone the other way since the few years right following the war.

Q. When you say your volume of business, do you mean production or sales directly by Talon?

A. That is correct.

Q. Isn't it a fact that Talon has some jobbers in various cities through whom sales are made, like the Donahue Company in New York?

A. Donahue is not a jobber; he is a distributor of package slide fasteners, and that company is not related to Talon.

Q. Doesn't Talon make zippers for them, slide fasteners for them? A. That is correct.

Q. When you say that your production or that your business [570] hasn't increased, are you including the sales made by the Donahue Company?

(Testimony of Ralph E. Meech.)

A. That is correct.

Q. An overall picture, Talon directly and Donahue Company, combined, business has not increased?

A. We will have to separate those.

Q. You go ahead and separate them.

A. The business of Donahue has increased, but the business of Talon has not. In other words, one offsets the other. That is, Talon to—when I say Talon, I mean their sales to the trade.

Q. You say Conmar was excused from paying any royalties on production in excess of the quota on one occasion that you recall?

A. I don't recall the incident, but our records show that.

Mr. Leonard Lyon: I think we have some correspondence on that that we failed to bring to court. I will bring it after lunch.

Mr. McCoy: We have it here.

Mr. Leonard Lyon: We found it, I think.

I have some further examination of the witness when you are through. [571]

Q. (By Mr. Graham): Mr. Meech, can you state why, if no payment over the quota was required from Conmar, what was the reason—what the reason was for imposing a quota in the first place?

A. I don't recall the incident at all.

Q. I am not asking you about the incident. I am asking you about the provision in the first Conmar agreement in which you imposed a quota. Why was

(Testimony of Ralph E. Meech.)

a quota imposed, if you were not going to require any payment if they exceeded their quota?

A. Well, we did require payment if they exceeded the quota.

Q. When this occasion arose, when they did exceed their quota, you state they were excused from payment.

A. I don't recall the incident and if they were excused, why I don't know.

Q. Well, perhaps Mr. Lyon will be able to clear that up. He says he has some correspondence here.

Mr. Leonard Lyon: I have here, if your Honor please, a statement from the secretary of the company by teletype showing by years the quota that was under the contract, that accrued royalties free to Conmar, their production that year as evidenced by their report and also the comparative production of Talon for that year in units. It states: "By mutual consent exchange of information to be used as a basis for determining next year's quota was discontinued at the end of 1950." [572]

That was a couple of years before the contract was changed.

The Court: Have you shown the wire to counsel?

Mr. Leonard Lyon: And if counsel will stipulate if I called the secretary of the company he would so testify in accordance with this teletype message, why, I will offer the message in evidence. If not, I will have to call the secretary from Pennsylvania.

We thought there was so much indefiniteness about this quota of Conmar that we asked the sec-

retary to send us what the official figures are. Of course, we can't use the message without a stipulation.

Mr. Graham: If Mr. Lyon will explain what each column means, what it refers to, I might be in better position, your Honor, to know whether I can stipulate to that.

The Court: We can take that up after recess. We will adjourn now until 2:00 o'clock.

(Whereupon, at 12:05 o'clock p.m., a recess was taken to 2:00 o'clock p.m. of the same day.) [573]

Tuesday, March 8, 1955, 2:00 P.M.

Mr. Leonard Lyon: At this time I present the teletype delivered to Mr. William C. McCoy through Mr. W. B. Jager under date of March 7, 1955, signed by Mr. F. C. Layng, secretary of plaintiff Talon, Inc., and if defendant will stipulate that if called as a witness Mr. Layng would testify as set forth in this telegram, I will ask that the telegram be copied into the record at this point as Mr. Layng's testimony.

Mr. Graham: If your Honor please, for the best interests of the defendant we do not believe that we can stipulate as requested by Mr. Lyon, because we are completely deprived of the right to cross examine.

There are a number of questions relating to the figures that we would like to ask about, and for that reason we do not feel that we can so stipulate.

The Court: That answers the question.

RALPH E. MEECH

the witness on the stand at the time of recess, having been heretofore duly sworn, was examined and testified further as follows:

Redirect Examination

Q. (By Mr. Leonard Lyon): At the present time, Mr. Meech, [574] approximately how many concerns are in business in this country operating machines for the manufacture of zipper chains?

A. I would say in the neighborhood of 50. It is difficult to ascertain the correct number for the reason that there are so many loft operators which have operations that you never learn about.

The Court: Well, the figure 50, then, are established concerns making zippers?

The Witness: That have chain machines, your Honor.

Q. (By Mr. Leonard Lyon): Has there been any significant change in the number of those concerns so operating within the last five years?

A. There may have been a small increase, but not material. [575]

The Court: You said having chain machines. I thought the question was how many firms were making zipper chains.

Mr. Leonard Lyon: That is the question I asked.

The Court: He said 50 and to my question he said something about having chain machines.

The Witness: That would be the same, your Honor. If they are making zipper chain they have to have chain machines.

(Testimony of Ralph E. Meech.)

The Court: You call a machine that makes zippers a chain machine?

The Witness: That is correct.

Q. (By Mr. Leonard Lyon): How many concerns at the present time do you estimate are making—are operating in this country manufacturing zippers?

The Court: Now, what do you mean by zippers? Do you mean as compared to zipper chains?

The Witness: I mean by a zipper, the two chains in combination with the slide.

The Court: By zipper chain you mean the single line of—just the half zipper fastened to the cloth?

The Witness: That is correct, your Honor.

The Court: All right.

The Witness: Will you read the question?

(Question read.)

The Witness: I think at this point, Mr. Lyon, that we should clarify in the interest of the court, just what we are talking about. [576]

In the business today, when I mentioned 50 manufacturers of zippers, those are people——

Q. (By Mr. Leonard Lyon): You said zipper chain.

A. Zipper chain, excuse me. They are making zipper chains. Some of them make a complete fastener—that is with a slider and bottom stops and top stops. Others sell the chain to the trade or to what we call assemblers.

Then there is the integrated manufacturer who

(Testimony of Ralph E. Meech.)

has his own slider-making equipment and makes all the component parts for the fastener.

They, of course, make their own chain and use their own chain in making a complete fastener.

Then there are component manufacturers in the industry who make nothing but sliders and top stops, separating bottom stops, which they sell to the trade—mostly to assemblers.

These assemblers are more or less what we call “bedroom operators” and they operate in their homes and their families are usually engaged in the business and it is reasonably cheap labor. And there is where the components in the sliders are sold to the assemblers, who buy components as well as the chain from people that make chains.

Now, of this group of 50 there are about a dozen or so that sell nothing but chains to the assemblers and do not make a complete zipper. [577]

Now, I hope I have clarified what happens in the zipper industry.

Q. (By Mr. Leonard Lyon): You haven’t yet told me how many concerns there are making completed zippers.

A. Completed zippers? We have to eliminate in this number the number that sell chain. Completed zippers—there would be possibly 250 or 300.

Q. Now, what actually does the plaintiff sell, manufacture and sell?

A. The plaintiff makes an integrated fastener and sells the complete fastener. He does not sell chain to assemblers. He sells chain to some of the

(Testimony of Ralph E. Meech.)

manufacturers who employ a particular method of using the chain, which is cheaper than buying the completed fastener.

He also makes specialty fasteners which some of our smaller competitors can't make and wouldn't make because there is no profit in it for him.

The Court: Then the plaintiff is in the category of the 250 or 300 firms you mentioned?

The Witness: That is correct, your Honor.

Q. (By Mr. Leonard Lyon): How many concerns at the present time are there that parallel plaintiff's business in the sense that they are what you call integrated manufacturers?

A. There would be in the neighborhood of 35.

Q. And has there been any significant change in that number in the last five years?

A. There has not.

Mr. Leonard Lyon: That is all, your Honor.

The Court: Do you have any further questions?

Mr. Graham: No, your Honor, I have no further questions.

The Court: Mr. Meech, what kind of machines does this company known as Waldes have?

The Witness: I haven't been in their plant but I am told they use an old—the old so-called Prentice machine.

The Court: Is that a preformed strip or what characterizes the Prentice machine?

The Witness: Oh, it is not a preformed strip. It is a flat strip and the elements are stamped out of the strip.

(Testimony of Ralph E. Meech.)

The Court: Stamped and fastened by the same machine?

The Witness: In the same machine.

Mr. Mockabee: What was that answer?

(Answer read.)

The Court: Is that one of the processes whereby there is waste metal left after stamping out the unit?

The Witness: No, there is no waste in the Prentice method. [579]

The Court: Is that based on a Prentice patent?

The Witness: I believe they have some patents, yes.

The Court: Have they been using these machines for some time?

The Witness: That I don't know, when they started to use that type of machine. They have been in business for some years. Their chief business is personal hardware.

The Court: Personal hardware—what is personal hardware?

The Witness: Cuff links and things like that.

The Court: If you know, how does it happen that Exhibit W, the contract with Waldes Kohinoor, Inc., of November 10, 1950, licensed Waldes for various of Talon's patents, but didn't include the Silberman patent?

The Witness: Waldes were not using the Silberman machine, to my knowledge.

The Court: It wasn't the intention, then, of

(Testimony of Ralph E. Meech.)

Talon to give Waldes the benefit of all patents which Talon had?

The Witness: No, it was not.

The Court: Do you know whether or not Waldes licensed Talon on all the patents which Waldes had?

The Witness: No, your Honor, they didn't license us on any great number of their patents in comparison to the total. They are primarily and have been in the past interested in making a covered zipper, what we call the cover zip. Those [580] patents of course are quite large in number and we were not interested in those patents, and they had others, of course, that we were not interested in.

The Court: With the exception of that kind of patent, do you know whether or not the agreement covered all other patents that involved zippers?

The Witness: It did not cover all other patents.

The Court: All right.

Mr. Graham: If your Honor please, may I ask one or two more questions along the same line?

Recross Examination

Q. (By Mr. Graham): Mr. Meech, I believe you stated that Waldes makes its zipper chains in accordance with the Prentice method?

A. As far as I know.

Q. Would you state to the court, then, how it happened that Waldes needed any license from Talon? Were they doing anything in violation of Talon's patents?

(Testimony of Ralph E. Meech.)

A. Yes. I believe at that time, or it may have come later, it was in settlement of interference proceedings, too, but in our opinion they needed a license.

Q. You told them you felt they needed a license? A. I believe so.

Q. And they agreed? [581]

A. That is correct.

Q. Do you remember what patent that was that was in interference?

A. Offhand I do not know. I believe it was on a heat sealing tape, which they had an application in interference with one of our applications.

Q. Is that patent referred to in this agreement? A. I believe it is.

Q. Was it the Carlile patent?

Mr. Leonard Lyon: Do you want the witness to look at the contract? He might be able to identify it.

Mr. Graham: Yes.

Mr. Leonard Lyon: Are you asking for the patent of Talon's that was in interference, or the patent—

Mr. Graham: The patent of Talon's that was in interference.

The Witness: I don't believe it is Carlile. This may have not come as a result of—there may be another agreement as to that, I can't recall. This agreement was of course the result of a suit filed. Possibly the other agreement was a separate agreement.

(Testimony of Ralph E. Meech.)

Q. (By Mr. Graham): Do you know whether Prentice makes so-called round head zippers as distinguished from a square head?

A. I believe they do. [582]

Q. When I said "head," I meant shoulder. I am sorry.

A. That's right.

Q. And is a round shouldered zipper covered by any of the Talon patents?

A. That is a pretty broad question. The method employed in making the round head, as you call it, it would have to employ the Poux method.

Q. In your opinion?

A. In my opinion. By round head, we call it a round leg or streamline. Is that what you refer to?

Q. Yes.

I think that is all, Mr. Meech.

Mr. Leonard Lyon: That is all, Mr. Meech.

The Court: Step down.

Mr. Graham: If your Honor please, I have a number of depositions here that I would like to offer in evidence and ask that they be considered part of the record of this trial.

The first is the deposition of Wilbur Jager, taken in Los Angeles on November 25, 1952.

The Court: All right. The next number, Mr. Clerk, is AI?

The Clerk: Yes, your Honor.

The Court: It will be marked Exhibit AI and received in evidence as part of the record in this case. [583]

(The document referred to was received in

evidence and marked as Defendant's Exhibit AI.)

The Clerk: Shall I unseal these as I go along?

The Court: Yes.

Mr. Graham: The next deposition is the deposition of C. F. Detweiler, taken in Los Angeles on November 25, 1952.

The Court: AJ received in evidence and made a part of the record in this case.

(The document referred to was received in evidence and marked as Defendant's Exhibit AJ.)

Mr. Graham: Next is the deposition of Robert Eisenberg taken at Los Angeles on November 25, 1952.

The Court: AK.

The Clerk: I don't think I have that one.

Mr. Graham: It was the same reporter in each case. Perhaps they all came in one envelope.

The Clerk: I don't have it listed. Do you want to assign a number to it?

The Court: We will assign the number AK to it.

(The document referred to was received in evidence, to be marked as Defendant's Exhibit AK.)

Mr. Graham: The next is the deposition of Isadore O. Napp, taken at Los Angeles on November 25, 1952.

Mr. Leonard Lyon: May I ask if these witnesses are out of the jurisdiction of the court? [584]

I assume they are, or counsel wouldn't be offering their depositions.

Mr. Graham: I cannot speak for the witnesses who are employees of Talon.

Mr. Leonard Lyon: Mr. Napp is an employee of Talon, is he?

Mr. Charles Lyon: No, he is not. And neither is Eisenberg.

Mr. Graham: Eisenberg is not.

Mr. Charles Lyon: And they are both residents of the city of Los Angeles.

Mr. Leonard Lyon: And they are both residents of the city of Los Angeles. So I object to the depositions.

I am willing to make a trade with counsel. If he will accept that telegram, without my calling the witness, why, he doesn't need to call these witnesses.

The Court: It is a good proposition, counsel. Mr. Lyon is a horse trader.

Mr. Graham: If I can't get any lower price, your Honor, I will accept the proposition.

The Court: Well, now, seriously, is it accepted or not?

Mr. Graham: It is accepted.

The Court: Then do you withdraw any objection to the depositions, Mr. Lyon?

Mr. Leonard Lyon: That is quite all right. And I would [585] like at the appropriate time to re-offer my telegram.

The Court: All right. We will take it in just a minute. The deposition of Isadore Napp will be marked AL and received in evidence.

(The document referred to was received in

evidence and marked as Defendant's Exhibit AL.)

The Court: Now let's take up your telegram.

Mr. Leonard Lyon: The teletype that I previously identified by the witness, I will hand to the court and ask that it be incorporated in the record as the testimony of Mr. F. C. Layng, the secretary of the plaintiff company.

The Court: All right. The stipulation you propose is that the reporters take this teletype which has been handed to me, addressed to W. B. Jager and copy it into the record, the stipulation being that if F. C. Layng were called and sworn as a witness he would identify in substance as set forth in the telegram?

Mr. Graham: I will consent to that, your Honor.

The Court: All right, let me read it. Hand it to the reporter, and it will be copied into the record as the testimony of Mr. Layng.

(The document referred to is in words and figures as follows):

"4 L M 3/7 114

W B Jager

This teletype is to be delivered to Mr. Wm. C. McCoy. Reference our agreement with Conmar, Dated January 1, 1940, following tabulation shows their sales quota and their actual sales, as well as Talon actual sales as determined under contract, by years— [587]

Conmar		Sales of Slide Fastener	
Sales Quota		Units as Determined	
as Stated		Under Contract	
Year in Contract		Conmar	Talon
000's Omitted			
1940	52,000	34,470	200,107
1941	64,500	56,910	272,955
1942	77,000	48,569	152,624
1943	89,500	25,149	68,316
1944	102,000	36,147	120,620
1945	102,000	34,892	135,673
1946	102,000	46,876	255,371
1947	102,000	70,471	250,982
1948	102,000	73,655	240,796
1949	102,000	81,731	240,306
1950	114,500	118,781	285,787

Please note, by mutual consent exchange of information to be used as basis for determining next year's quota was discontinued at end of 1950. Note also that contract provided that the conversion factor for finished fasteners shall be 12 inches, and in the instance of continuous chain 15 inches. Hence the calculations shown above reflect these conversion factors, per contract.

F. C. Layng'' [588]

Mr. Graham: I next offer the deposition of John T. Havekost, taken on November 27, 1954 in New York City.

Mr. Leonard Lyon: Your Honor, in connection with Mr. Havekost's deposition, the defendant in-

troduced an affidavit that was asserted to have been given some years previously by Mr. Havekost, not in the presence of any of the plaintiffs or any representative of the plaintiff and not as a part of this case, but in connection with another matter.

They attempted to offer that affidavit and have it identified and have Mr. Havekost testify to it.

Now, we made objections and we would like to have those objections passed upon and preserved.

We don't think that under any circumstances that affidavit is proper in this case. It is hearsay. It is not binding on this plaintiff and should not be used by Mr. Havekost at all.

One ground that was asserted for its being used was that it refreshed his recollection. But I don't understand that a man can make an affidavit years after an event and then come in and use it to refresh his recollection.

Mr. Graham: If your Honor please, the affidavit in question was not made at the time the deposition was taken. It was made at the time the facts referred to in the affidavit transpired.

Mr. Havekost identified it as a copy of an affidavit made [589] by him at that time; and there was some handwriting on it which was his handwriting and which he testified to as having been put on there at the time the affidavit was executed.

The original of the affidavit cannot be found. It was an affidavit given to Mr. Lange of the Slidelock Corporation who then employed Mr. Havekost.

The Court: Does the deposition lay some found-

ation showing that Mr. Havekost needed to have his recollection refreshed?

Mr. Graham: Yes, I believe it does, your Honor.

The Court: And did Mr. Havekost then subsequently testify in the deposition to the same substance that appears in the affidavit?

Mr. Graham: He did.

The Court: Well, the primary evidence is Havekost's testimony in the deposition and not the affidavit.

It would seem to me there would be no harm in identifying for the record the document on which he relied to refresh his recollection.

Mr. Graham: His testimony, your Honor, according to my memory referred to certain parts of the affidavit as having been true at the time they were put in affidavit form.

Mr. Leonard Lyon: I don't understand that the document——

The Court: The law on this is the difference between past memory refreshed and past memory recorded. [590]

Now, if this is past memory refreshed then the testimony of the witness is the testimony and not the affidavit.

If there is some attempt to use the document as past memory recorded, which apparently is claimed here, then the document itself might have a different status.

Mr. Leonard Lyon: I would like to read Mr. McCoy's objections which summarizes the situation as he saw it.

Mr. Graham: What page is that?

Mr. Leonard Lyon: Page 7.

"Objected to as self-serving statements so far as the matters appearing on the face of the document are concerned.

"No foundation has been laid for the material set forth in this document.

"It is further objected to because the witness is present and this written paper, Defendant's Exhibit 2, is not in support of any oral testimony given by the witness and is setting forth material that is very leading in character. And the witness has established no independent recollection of the statements in the document in this proceeding. And the data and date stated in the document is after the issuance of the patent in suit No. 2,437,793."

I think your Honor will be interested in considering our objections as you read the deposition because this is [591] an affidavit that a lawyer had this man make long after the purported events referred to in the affidavit and is not a part of this case. Also it was not in the presence of the plaintiff and the witness seeks to use that affidavit now to refresh his recollection or reconstruct his recollection, it is not clear which, and I don't believe, if it is to refresh his recollection, it is evidence of anything at all. It is just an aid to his testimony and I don't believe they laid any foundation for reconstructing his——

The Court: Let me see the deposition. I don't know what happened but the law on it is fairly clear.

If I called you up here as a witness, Mr. Lyon, and asked you about some event that happened 20 years ago and you had a file on it and you said, "Well, your Honor, I don't remember what happened. I have a file here. May I look at this file."

Now, I suppose if we are going to be technically correct about it you would then look over the file and if I were going to be technically correct I would probably have to ask you: "Now, do you have at this time any independent memory about this matter without looking at the file," and your answer was: "No, I just know a name in the file," so I say, "All right, look at the file."

You look at the file. Then I say to you: "Now, having looked at the file has your memory been refreshed" and you say "Yes." [592]

You lay the file aside and say "My memory has been refreshed" and you would proceed to testify.

On the other hand I suppose—not suppose but I am certain, we could have the document or the file that you looked at and have it marked for identification or get it before the court in some manner to see with what you refreshed your memory from and possibly cross examine you on it. That is what we talked about as past memory refreshed. And then if the witness testifies to maybe the same things that are in the file or here in the affidavit, it is the witness' testimony that counts and not the affidavit.

If on the other hand you look at the file and you come back and say, "Well, I still have no memory of it. It says here in the file" so and so, "but I have no independent recollection of it."

That is a different problem and I am not too sure what the answer is on that. It comes under the category of—could come under the category of past memory recorded.

Now, what you did here I don't know. I suppose if I read this deposition I could find out.

Mr. Leonard Lyon: The document was introduced on page 6. There was no foundation laid at all for either a lack of memory or an absence of memory.

On page 6, right out of a clear sky, they want to identify and show Mr. Havekost the statement of counsel's which appears [593] to be a copy of an affidavit and he says, "That refreshes my memory."

"Q. Do you recall having executed the original of that affidavit? "A. Yes.

"Q. Is it in your handwriting? "A. Yes.

"Q. Do you recall who you delivered the original of this document,"

which would have nothing to do with refreshing his recollection.

And then it is offered for identification and then——

The Court: It was only offered for identification.

Mr. Leonard Lyon: That is right.

The Court: Not offered in evidence. It was being marked as to what the witness looked at to refresh his recollection.

Mr. Leonard Lyon: Then as I understand it is not being offered in evidence with the deposition.

The Court: If that is all that happened at the deposition then it was never offered in evidence. It was marked—it says “offered” but all that happened was that it was marked for identification.

Was that your intention?

Mr. Graham: That is my intention.

Mr. Leonard Lyon: I don't mind it being marked for [594] identification as long as it is not offered in evidence.

We have been receiving these depositions, I thought, with the understanding that all the exhibits were being marked in evidence.

The Court: Are there exhibits to these other depositions?

Mr. Leonard Lyon: Yes, all of them—many of them have exhibits to them. [595]

Mr. Graham: I think the only one that has this is Havekost.

The Court: Let's re-mark those. I am talking now about these depositions AI to AL, inclusive, Jager, Detweiler, Eisenberg, or Napp.

Mr. Leonard Lyon: I don't think any of those have exhibits.

The Clerk: I don't see any in Napp; I don't see any in Detweiler; I don't see any in Jager.

Mr. Leonard Lyon: Then we come to the fact, if we follow up this theory that this was marked for identification only to show what it was the witness used to refresh his recollection, then we come to the objections to the testimony of the witness when he refers to that exhibit and reads from it, and so forth. As I understand a document that is used to

refresh your recollection, you just look at it and see it and then testify, but you can't use the document as primary evidence, and we come to those objections later on in the deposition.

The Court: We may have to sort those out in this deposition.

Mr. Leonard Lyon: I am perfectly willing that this matter should be received by the court, and the court rule on it. The only thing I want to be sure of is to call the court's attention to the depositions—to the objections, and that we are urging them.

The Court: Just advise me what happened here. Looking at the index in this deposition of John T. Havekost that we have been talking about, the index shows that there were three exhibits each marked for identification. No. 1 was a document dated December 8, 1948, a one-page document. Is that the affidavit that you are talking about?

Mr. Graham: No, your Honor. That is, I believe, the same document that is already in evidence. It is attached to the answers to the interrogatories filed on May 8, 1952.

Mr. Leonard Lyon: The document we are talking about is Exhibit 2.

The Court: Just a minute.

Mr. Graham: That document refers to a prior affidavit, your Honor.

The Court: This first one that is marked Exhibit 1 to the deposition, I haven't seen this in the interrogatories.

Mr. Charles Lyon: I think it is defendant's Ex-

hibit R, and Exhibit 1 to the Havekost deposition are supposed to be the same.

The Court: They are not. They are not at all. This Exhibit R talks about \$1500 paid by Silberman, and Exhibit 1 to the deposition is something between Lange and Havekost. The consideration is \$1.00. They are entirely different documents.

Mr. Graham: I am sorry, your Honor, I don't have copies [597] of those documents attached to my copy of the deposition.

Mr. Leonard Lyon: My copy of the deposition has no exhibits annexed to it.

The Court: Here, you can look at it. Let's clear up one thing before we go further, and that is that Exhibit 2 to the deposition is the affidavit about which you have been protesting, Mr. Lyon, is that correct?

Mr. Leonard Lyon: That is correct.

The Court: And Exhibit 3 to the deposition is a soft copy of the Silberman patent '793?

Mr. Leonard Lyon: That is correct.

The Court: I take it we don't need '793 in evidence again.

Mr. Graham: No.

The Court: And there will be no objection made to any references to Exhibit 3 in the deposition, is that right? There will be no objections to any references to Exhibit 3 in the deposition of Havekost, is that right?

Mr. Leonard Lyon: That is correct.

The Court: So we are only concerned then with

references in the depositions to exhibits 1 and 2 to the depositions.

The Clerk: Do you want to assign an identification number to this?

The Court: Yes, let's call the Havekost deposition AM, presently, for identification, and the three exhibits to the [598] deposition will be AM-1, which is Exhibit 1 to the deposition, and identified as being a copy of a purported affidavit by Havekost—no, it is not an affidavit—a statement, apparently an assignment by Havekost accepted by Max Lange in writing; Exhibit AM-2, to the deposition, is the copy of the purported affidavit of Havekost about which Mr. Lyon has been talking; AM-3, being Exhibit 3 to the deposition, is a soft copy of the Silberman patent '793. What do you suggest? That I read these and then flag some pages and take it up with you later?

Mr. Leonard Lyon: I think you can just take this matter with you. I don't think it has to be ruled on right now, your Honor.

The Court: All right.

I will look them over and talk to you later about it.

The Clerk: Your Honor, in connection with that deposition, it seems to be the practice of some notaries in New York to send souvenirs along. Do you want a stipulation in the record that it is no part of the deposition?

Mr. Graham: If your Honor please, Mr. Sansome is a very enterprising reporter who sends a gift with every deposition.

The Clerk: It is not part of the record then, your Honor?

The Court: It certainly is not part of the record. Let's go ahead.

Mr. Graham: I next offer in evidence the deposition of [599] William Wray, taken in New York City, New York, on February 25, 1955.

The Court: What date?

Mr. Graham: February 25, 1955.

The Clerk: That also has a souvenir in it. Is that a souvenir, counsel?

Mr. Graham: That is a souvenir.

The Court: It will be Exhibit AN in evidence.

(The document referred to was received in evidence and marked as Defendant's Exhibit AN.)

I will assume that there are no exhibits attached to these depositions, unless you call them to my attention.

The Clerk: I will check it, your Honor, and see.

There doesn't appear to be any exhibits in here.

Mr. Graham: If your Honor please, the next witness will be Mr. Lipson, who just stepped outside for a moment. He will be back presently.

The Court: Have you completed your offer of depositions?

Mr. Graham: I believe the Loew deposition has been offered in evidence.

The Court: Have you completed your depositions?

Mr. Graham: I have completed my depositions.

The Clerk: Except we haven't located the Eisenberg deposition yet, your Honor.

Mr. Lyon: We have a copy of it you can use if you can't [600] find the original. I will stipulate with counsel that you can substitute this copy. Is that all right?

Mr. Graham: Thank you very much, Mr. Lyon.

The Court: How much longer will you be, Mr. Graham?

Mr. Graham: Mr. Lipson's testimony will be extended, I am afraid, your Honor. I think it will take all day tomorrow, anyway, and the balance of today.

The Court: Is that your last witness?

Mr. Mockabee: As far as we know at the present time.

Mr. Graham: As far as we know at the present time, it is.

The Court: All right. Let's go ahead.

PHILIP LIPSON

called as a witness by and on behalf of the plaintiff, having been first duly sworn, was examined and testified as follows:

The Clerk: What is your name, please?

The Witness: Philip Lipson.

Direct Examination

Q. (By Mr. Mockabee): Mr. Lipson, will you state your age and occupation?

A. I am 56 years old. I am a mechanical—I am a manufacturer in the mechanical field.

(Testimony of Philip Lipson.)

Q. Could you speak a little louder, please?

A. Okay.

Q. Specifically in what field? [601]

A. At the present time I manufacture zippers.

Q. What is the name of your company?

A. Union Slide Fastener, Inc.

Q. Is that located in Los Angeles?

A. Yes.

Q. Could you give me a brief history of your mechanical training and experience?

A. Yes. I graduated at Trade High School in Warsaw, Poland, in 1914, in June 1914. I went to work as a mechanic in a factory which manufactured various types of machine tools, including punch presses. I worked there until the German invasion of Warsaw in August 1915. In December 1915 I went to Stettin, Germany.

Q. Just a minute. In this first employment with regard to the manufacture of the punch presses, what type of duties did you have?

A. At that time I worked on planer, shaper, milling machine, and lathe.

Q. In other words, you operated those machines? A. That's right.

Q. Proceed with your explanation of your experience.

A. In the early part of December 1915 I went to Stettin, Germany, where I worked in an automobile factory for 12 months.

Q. What were your duties there?

A. I was—in Germany they call it a schlosser,

(Testimony of Philip Lipson.)

which [602] in English means a mechanic. In Germany the broad term of schlosser takes in machinist and mechanic and all kinds of things. The literal translation is locksmith.

Q. Did you operate machinery there?

A. No. I was a bench worker.

Q. Doing what?

A. I specialized on front axles of automobiles.

Q. Proceed.

A. In January 1917 I went from Stettin to Berlin, Germany, where I worked in various factories as a toolmaker. I also attended evening courses for engineering in Berlin.

Q. Was that a school of advanced education?

A. Yes. Well, it is a school of mechanical engineering. In the spring of 1919 I went back from Germany, I returned to Warsaw, Poland, and I found employment in the same factory where I worked before I left for Germany.

Q. You mean the factory where you worked in connection with the punch presses?

A. That's right. This time I was engaged as assistant designer and assistant engineer in the designing and experimentation with new punch presses of various types.

Q. What further mechanical experience have you had?

A. After I arrived in the United States, I worked for the Ford Motor Company in Detroit, Michigan.

(Testimony of Philip Lipson.)

Q. How long did you work in that plant? [603]

A. Two and a half years.

Q. What were your duties in Ford Motor Company?

A. The first year and a half I worked at semi-skilled jobs on the production line, because I did not speak English or couldn't read blueprints in English. After that I was transferred to the tool room, where I worked on gauges, new and repair of gauges, new ones and repair.

Q. In the repair of the gauges, would you or would you not consider this precision work?

A. Yes.

Q. Proceed with your experience.

A. Then there was an interval of 25 years where I was not engaged in the mechanical field. I was engaged in business, in retail business.

Q. What happened after that period?

A. After that period I came to Los Angeles, I met Mr. Loew, and I became associated with him in June 1947 in the manufacture of zippers.

Q. What prompted you to get into the business of manufacturing zippers?

A. I saw in that a chance to return to the mechanical field, which was my first love. I did not like the retail business, and I looked for a chance to get into the mechanical field, and after an absence of 25 years I didn't have enough self-confidence to go into it by myself. Therefore, when this opportunity presented itself to get in with a man who had experience [604], and had been in it for a long time,

(Testimony of Philip Lipson.)

I took that chance and went back into the zipper business.

Q. Getting back to this period in which you were in the retail trade, did you in any way keep in touch with mechanical development? A. Yes.

Q. How?

A. I have read many books and studied up on development in the automobile industry in Detroit. I was trying to develop something new in the automobile industry, and did not succeed because of the lack of money. [605]

Q. You say you were trying to develop something new. Were there any other occasions when you attempted or did develop something new?

A. Oh, yes. While I was in Germany I invented a certain jig which was later used by them.

Of course at the time I did that I was 18, close to 19 years old. I didn't know just what was implicated to me. It was just a chance of solving a problem and I did that.

Q. Was that jig adopted and used by your employer?

A. That is right. I was put in charge of building those jigs.

It was for a large tool firm in Weisensee—a suburb of Berlin.

The name of the factory was Riebe Kugellager and Werkzeugmacherei.

Q. Did you develop or were you interested in developing any other innovations along mechanical lines?

(Testimony of Philip Lipson.)

A. Yes. While I worked on my return to Warsaw, while I worked for this factory we developed various punch presses.

The punch presses we were developing were of a much smaller size than those used for that purpose in the industry.

For instance, we developed punch presses for punching out pharmaceutical pills.

I designed one or, rather, assisted in the designing of a punch press with a horizontally revolving dial for the [606] stamping out of saccharin pills. And in that connection there were many difficulties between the time when you design a machine and when you build it. In the shops it is usually called "taking the bugs out of it."

And in that connection I have improvised and developed certain types of cams that I had never seen before.

They might have been in use in some other factories but we needed them and we needed something that would perform that type of operation and it wasn't known to the two engineers who were the owners of the factory.

I had designed those.

There were many other innovations that had to do with labor-saving methods. For instance, when you attach certain cast iron bearings to a certain press. Now, I showed a new method of making those and attaching them. Where it used to take a man four hours to attach those to one machine I had as a sort of a task by my two bosses, attached

(Testimony of Philip Lipson.)

four of them in three hours against the one in four hours by merely putting a little new system of attaching them.

Q. When you in your various occupations involving machines and machine tools, and in working out these various improvements and innovations that you have testified to, I gather that it was a custom or hobby or what prompted you to make these improvements?

A. (No answer.) [607]

Q. In other words did you accept the equipment that you were assigned to work upon as the machine which did the work in the best manner possible—what was the reason for these innovations?

A. I had always been interested in problems. I play chess for instance and you have there any new problem or combinations that interests me. In making these innovations it wasn't a question of money. I had never asked for money for them. The problem intrigued me and I used to often go home and solve this problem at home, bring it back to the shop and show it.

It was, you might say, a matter of pride and a matter of accomplishing a job.

Q. In other words you had a genuine interest in the tools and machines that you worked on and tried to improve them as you could?

A. That is right.

Q. When you came to California and met Mr. Loew, what type of business was he engaged in?

(Testimony of Philip Lipson.)

A. He was engaged in the business of manufacturing zippers.

Q. He had his own plant? A. Yes.

Q. Did you examine the equipment that he had before you went into business with him? [608]

A. Only once. I visited the shop and I didn't examine the equipment because I didn't know anything about zippers at that time.

Q. When did you first acquire any knowledge of the equipment in the shop?

A. After I became associated and worked in the shop. That was on June 10, 1947.

Q. In your association with Mr. Loew who was supposed to supervise the operation of the shop?

A. Mr. Loew.

Q. What were your duties there?

A. My duties were to put order in the system of keeping control of the stock, of supervising the office and correspondence; of soliciting business. And in my spare time to help out in the shop.

Q. In other words when you first entered the business your principal interest was the business end of it rather than the shop end, is that true?

A. That was not my choice.

Q. Was that the original arrangement?

A. That was the arrangement.

Q. Was that arrangement successful?

A. I don't know in what way you mean.

Q. Did that arrangement work out to your satisfaction? A. No. [609]

Q. Why?

(Testimony of Philip Lipson.)

A. During the 10 or 15 per cent of the time that I was able to devote inside of the shop and see the operations of the machine, I had discovered a lot of shortcomings of the machine.

There was a new machine that Mr. Loew had built at the time and was trying to put it into operation—into production.

The Court: Who had built it?

The Witness: It was built by Mr. Loew and his toolmakers.

And at the time when I came into the business the machines would operate for a half hour and would be down for three or four days.

Q. (By Mr. Mockabee): What type of machine was that—what was the machine for?

A. For manufacturing zipper chains.

Q. Did he have any other machines than the one you mentioned that he built?

A. He had four more of the same type that were being completed at the time—that were being assembled and there was one that was assembled.

He also had two what we in the trade called “single-header chain machines.” They make only one stringer instead of two.

And he told me those were machines that he brought in [610] from Canada, when he came from Canada, but that he did not operate them. He was trying to operate the double-header machine that he had built.

The Court: This one that he had of which he

(Testimony of Philip Lipson.)

had four similar ones unassembled was a double-header machine?

The Witness: That is right.

Q. (By Mr. Mockabee): These machines you have mentioned, either or both the single and double-header, did they form fastener elements from a strip of stock and attach them to a tape?

A. Yes.

Q. For what reason did these machines fail to operate for any length of time without a shut-down for repair?

A. Only one machine, the newest one. The double-header was that way. Not all of the machines.

Q. Well, the one that did shut down?

A. It had very many defects. The first thing I pointed out to Mr. Loew was that the whole design of the machine was contrary to accepted principles in the mechanical field; that it wasn't designed right.

Then I was trying to point out certain things that the zipper chain didn't come out right and little by little I had made improvements on the machine so that about three or four months later we were able to operate that machine at regular production without break-downs. [611]

Q. What difficulties with the operation of the machine were the cause of the shut-downs for repair?

A. Well, the very first one was the fact that

(Testimony of Philip Lipson.)

the zipper elements when attached to the tape did not move up with the tape upward but they got stuck in the punch and they rode up in the punch, punching up—eventually tearing up the tape.

Q. What else in your opinion contributed to the malfunction of the machine?

A. General design. He had—in some cases he had small ratchets with a small circumference with 156 teeth in them and the teeth were cut in the ratchet and they were razor-sharp on the edge and they jumped over. I suggested to him a remedy and that was to make the ratchet four inches in diameter instead of what it was—use a heavier ratchet or heavier teeth rather and then there were so many things in there that it is hard to enumerate all of them in succession.

I suggested remedies to at least seven or eight of them. These remedies were incorporated and the machine became a machine that was capable of producing with about, let us say about 85 or 90 per cent efficiency instead of what it was before.

Q. Approximately what was the efficiency before, if you can determine that?

A. Well, as I say before these remedies were put in, [612] these changes were suggested and supervised by me to put on the machine.

As I said, the machine would operate for a half hour and be down for three or four days and then we would fix it and it would operate for an hour or an hour and a half and then be down for another two days, so you really couldn't say "efficiency"

(Testimony of Philip Lipson.)

because we couldn't put the machine into production.

The Court: This is a good time to take our recess.

(Short recess.) [613]

Q. (By Mr. Mockabee): Referring to the machine which you stated had just been built and required frequent long periods of shutdown for repair, do you know the origin of that machine?

A. At that time——

Mr. Leonard Lyon: I object. The question is do you know? If he doesn't know, he shouldn't answer.

The Court: You can answer yes or no, do you know. That is the question.

The Witness: Yes.

Q. (By Mr. Mockabee): What was it?

Mr. Leonard Lyon: I think he ought to tell us how he knows. It seems as if when he arrived that the machines were there. How would he know the origin unless by hearsay, I don't know.

Mr. Mockabee: Answer the question.

The Court: Let's find out. You can move to strike it out.

The Witness: What was the question again?

Q. (By Mr. Mockabee): Do you know the origin of the machine? And you answered yes. What was its origin?

Mr. Leonard Lyon: How do you know? I would like to ask on voir dire. Because in his deposi-

(Testimony of Philip Lipson.)

tion on page 7 he was asked who built the machines? Answer, I don't know.

The Court: How do you know the origin of the machine? [614]

The Witness: I found out later.

The Court: How did you find out?

The Witness: From Mr. Loew and from an argument that I heard between him and Mr. Silberman.

Q. (By Mr. Mockabee): Who built the machine?

The Court: Just a minute.

Of course his answer to your question would now be his conclusion based on these other things. As to whether or not he can testify to conversation with Silberman, I don't know. Silberman is the predecessor in interest of the plaintiff Talon, as to this patent. Certainly you can't ask his conclusion based on these other things. If we get these other things in, that is different, but his answer as to who built the machines, based on these other matters, would be his conclusion based on the conversation with Loew and a conversation he overheard that Silberman took part in.

Mr. Mockabee: I will withdraw the question.

Q. (By Mr. Mockabee): Did the machine have any name plate on it? A. No.

Q. From your knowledge of machinery, and from the appearance of the machine, was it a machine which appeared to be one of a number

(Testimony of Philip Lipson.)

which might have been made in ordinary commercial production?

A. I don't know how to answer that. Would you repeat [615] the question? I am not clear about the question.

Q. Let me put it this way: From the appearance and structure of the machine and from your knowledge and observation of other machinery of various types, did it appear to you in your opinion as a machine which was one of a number which had been made in regular commercial production?

Mr. Leonard Lyon: I don't know what the answer to that would be. If he said no, I wouldn't know whether it was because the facts in the question wouldn't enable him to tell, or whether he could tell, and the answer was no.

The Court: Let's save some time. This man obviously has a background as a machinist, he ought to be able to tell from looking at a machine whether the machine had been custom made—he might be able to tell whether it was custom made, by looking at the parts, whether certain of the parts had been hand made, or whether it gave the appearance that it had been run off on an assembly line.

Could you answer that question?

The Witness: It is very difficult to state by looking at a machine whether it was one of 50 built or whether it was one machine built by itself. That is difficult to state.

The Court: Do I understand there were four

(Testimony of Philip Lipson.)

similar machines that had not been assembled?

The Witness: That's right.

The Court: Identical to this first one? [616]

The Witness: Yes.

The Court: All right.

Q. (By Mr. Mockabee): Were these machines all completed when you joined forces with Mr. Loew? A. No. Only one was completed.

The Court: By completed, do you mean assembled or—"completed" has various meanings.

Q. (By Mr. Mockabee): Were the parts all built and assembled?

A. Of how many machines?

Q. Any of them.

A. One was assembled, four were not.

Q. Were all of the parts completed on the four that were not assembled? A. No.

Q. Did you observe any parts being made in your shop? A. Yes.

Q. You stated that one of the defects of the machines of the type regarding which you have just testified was that the zipper element stuck in the punch. Was anything done to remedy that situation? A. Yes.

Q. What was done?

A. Do I have to give an answer yes or no? Or can I qualify this answer? [617]

Q. Explain what was done.

A. I at first suggested to Mr. Loew that the difficulty was that the punch was made in such a way with a half—

(Testimony of Philip Lipson.)

Mr. Leonard Lyon: I object to this as not responsive to the question. He was asked what was done, and he gives us a conversation that we weren't parties to.

The Court: All right. The conversation may go out.

Without stating what the matter was, you had a conversation with Mr. Loew, is that right?

The Witness: Yes. I suggested——

The Court: Did you make certain suggestions?

The Witness: That is right.

The Court: Did he follow your suggestions?

The Witness: One of them.

The Court: Then what did you do?

The Witness: We made—I designed one of these here, which we call an ejector, that when the element rides up into the punch, this is a clamp that clamps the punch into the punch holder, and when the element rides up in here, this little tongue forces it out, so that it cannot stay. That was a compromise between the original idea and the one that was adopted. An ejector plate.

The Court: Do you want the ejector plate marked? He handed me two. He said here is the first one and here is one I made later. [618]

Mr. Mockabee: The first one, I would say.

The Court: Defendant's Exhibit AO, received in evidence.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit AO.)

(Testimony of Philip Lipson.)

Q. (By Mr. Mockabee): With regard to the ejector, Exhibit AO, I notice on one side a flat channel and down its center there is a half round rib which terminates in a sharpened portion extending beyond the main edge portion of the plate; can you tell me the relationship of that rib to the forming punch on the machine?

A. This plate had two functions. It acted as a clamping device to clamp the punch into the punch holder; the tongue fitted into the groove of the punch where it acted as an ejector device. [619]

The Court: By the "tongue" you mean the rib that counsel just asked you about?

The Witness: The rib is underneath and the end of it becomes the tongue.

The Court: Counsel asked you as to Exhibit AO and about this rib, what he called a rib extending up and down.

The Witness: Yes.

The Court: And that rib fits into a——

The Witness: Slot.

The Court: A slot in the punch, is that right?

The Witness: Yes.

The Court: All right.

Q. (By Mr. Mockabee): Now, which end, the upper or lower, goes into the projecting portion of the rib? A. The lower.

Q. Where does the lower end of that rib lie with respect to the cutting portion of the punch when it is assembled in the machine?

A. Above the cutting portion of the punch.

(Testimony of Philip Lipson.)

Q. Any substantial difference?

A. Approximately, about a quarter of an inch.

The Court: Now, you have me confused. Exhibit AO, I take it, is connected with the punch block?

The Witness: Yes.

Mr. Mockabee: Secured to the punch block.

The Witness: Yes.

The Court: In this fashion with the projection downward?

The Witness: Yes.

The Court: And likewise the punch is secured in the punch block with uneven portion downward, the cutting portion downward?

The Witness: Yes.

The Court: But do I understand now that what you are trying to say is that in Exhibit AO it does not fit clear to the lower portion of the punch but remains upward?

The Witness: A little above.

The Court: Is this slidable when the machine is in operation?

The Witness: No.

The Court: Or is it tight, one piece to the other?

The Witness: This punch goes into a slot in the punch holder and this part here acts as what we call a clamp. It is fastened tight and it holds this punch.

The Court: So the punch and the punch holder are fastened together so they do not move?

(Testimony of Philip Lipson.)

The Witness: That is right.

The Court: While the machine is in operation?

The Witness: Yes. The other side of this here is made with a little groove that goes in here and any zipper member or element that slides up here is ejected so it can't ride up [621] in the punch.

Q. (By Mr. Mockabee): Was much difficulty encountered in the elements sticking in the groove of the punch prior to the application of your ejector? A. Yes.

Q. What happened to the machine when this occurred?

A. They would bunch up inside of the groove of the punch, one right after the other, until they would tear the tape.

Q. Was it necessary to shut down the machine to clear these members from the machine?

A. Yes.

Q. How long after you observed the operation of the machines which were in the shop when you entered into business with Mr. Loew, was it before you developed this ejector?

Mr. Leonard Lyon: If your Honor please, counsel refers to "observing the operation of machines." The witness has only talked about there being one assembled machine in operation.

I would like to have counsel identify the machines in his question.

Mr. Mockabee: I will change my question to make it machine, singular.

The Witness: It was two weeks later.

(Testimony of Philip Lipson.)

Q. (By Mr. Mockabee): In other words it was rather [622] immediately after you first saw these machines, is that true?

The Court: It was two weeks after what? Two weeks later than what?

The Witness: Two weeks after I observed these machines in operation that I noticed this trouble here and I designed this one to remedy the trouble.

The Court: Now, you went with Loew in June of 1947?

The Witness: Yes.

The Court: How long after June, 1947 was it that you observed the machine or machines in operation?

The Witness: The same day.

The Court: One machine was operating?

The Witness: That is right.

The Court: That is the machine you made this ejector, Exhibit AO for?

The Witness: Yes.

The Court: All right.

Q. (By Mr. Mockabee): Did you make any other improvements on that machine? A. Yes.

Q. Describe another one.

A. The next improvement was that I changed the wire feed assembly—that is the mechanism which propels the strip forward when it is being operated in the machine.

Q. What was the difficulty with the wire feed [623] assembly when you first observed the machine?

(Testimony of Philip Lipson.)

A. They had the small ratchet. I believe it was about two and three-quarters inches in diameter with 156 teeth on it. And they were razor sharp—there were razor sharp edges on them.

The pawl that moved the ratchet was located underneath.

I designed a new ratchet to hold the assembly bracket, to hold the pawl, to enlarge the ratchet and after that the machine operated all right with respect to this particular function.

The Court: You say a new assembly bracket to hold the pawl?

The Witness: Yes.

The Court: Hold what?

The Witness: Pawl.

The Court: Spell it.

The Witness: P-a-w-l.

The Court: What is a "pawl"?

The Witness: An intermittent motion to propel a ratchet. There is an arm with a little hook on it. This keeps moving back and forth and each time it engages a tooth of the ratchet it pushes it forward and then it slides back into the next tooth and then the next movement forward it pushes another one. That is an intermittent pawl movement.

The Court: You made a new assembly bracket to hold the [624] pawl and a larger ratchet?

The Witness: Yes.

Mr. Mockabee: Was there any other improvement made by you?

(Testimony of Philip Lipson.)

The Witness: Yes. I redesigned the punch holder block.

Q. (By Mr. Mockabee): In what manner?

A. The machine was built with a punch holder block with adjusting screws for the punches to be adjusted downward or upwards as they were needed.

This punch holder block at the top was only $\frac{3}{8}$ th of an inch thick and in the operation that acted like a spring so that we did not have accurate punching.

I redesigned the whole block and put in heavier metal, a heavier punch holder block so that—and adjusting screws to hold these screws so they wouldn't loosen up in operation.

Q. Does the clerk have those parts removed from Exhibit 5?

The Clerk: Yes.

Q. (By Mr. Mockabee): Here is a portion of Plaintiff's Exhibit 5 which was removed from the machine the other day and I will ask you to identify it.

The Court: Let me refresh my recollection. This machine that it was removed from is one of plaintiff's machines?

Mr. Mockabee: Yes, Plaintiff's Exhibit 5.

The Court: Plaintiff's Exhibit 5. All right.

Q. (By Mr. Mockabee): I ask you to identify that.

The Court: The witness is looking at a "T"-shaped member that was taken out of the machine,

(Testimony of Philip Lipson.)

Exhibit 5, and is a part of that exhibit here. It is a part of Exhibit 5.

The Witness: That is a part which I removed from the machine, Exhibit 5, in the other courtroom.

Q. (By Mr. Mockabee): What is its function?

A. This is a punch holder assembly block.

Q. What is the square plate on top of the "T" portion of the block?

A. This is a plate similar to one I designed for tightening up these two set screws.

Q. What are the set screws for?

A. These set screws adjust the punches.

There is an intervening block in here. The punch goes into this here space up to this block——

The Court: The block is a filler?

The Witness: Yes.

The Court: Between the screw and the punch?

The Witness: Yes.

The Court: All right.

The Witness: And when you adjust this here to a certain height the punch has to be a certain height in relation to the die underneath and in order to reach that particular relation you may have to move this punch downward or adjust [626] it upward and this set screw adjusts it.

Now, this block here I designed in 1949.

The Court: Well, you are referring to the little square, rectangular block on top of the "T" which holds the set screw?

The Witness: Yes.

(Testimony of Philip Lipson.)

The Court: And this came off of plaintiff's machine. Do you say you designed it?

The Witness: That is right. I have a punch holder block that I brought along here in one of the boxes and I can show the very same thing which I designed in 1949.

The Court: You just said that you redesigned this block. You said it had adjustable screws and that the block at the top was $\frac{3}{8}$ th thick. How thick is the one on there now—this little block?

The Witness: Your Honor, the problem is counsel was under the impression that—my counsel has asked me what improvements I made on the machine while I was associated with Mr. Loew.

This block here and various other improvements on the machine were made by me after Mr. Loew left the company. This was one of them.

The Court: I know.

Q. (By Mr. Mockabee): Now, Mr. Lipson—

The Court: Wait a minute. I am not finished. What I [627] am trying to find out is this. I understood you to say that these machines that Loew had when you went with him you worked on.

The Witness: Yes.

The Court: And one of the improvements you made you now say you made after Loew left, which was to redesign this punch holder block. [628]

The Court: And you said that one of the troubles was that this block at the top, and I take it that you are talking about this rectangular block here—

(Testimony of Philip Lipson.)

The Witness: Yes.

The Court: Was $\frac{3}{8}$ of an inch thick, and it acted as a spring, and you made it heavier. What interests me is the fact that this present block on the part of Exhibit 5 that we are looking at is less than $\frac{3}{8}$ of an inch thick.

The Witness: Your Honor, this is not the block that was in question. My counsel showed me this block, and this is not the item that I was talking about.

The Court: Are you talking about the top of the T?

The Witness: We have a top part here which is not identical with this one at all.

The Court: I see.

The Witness: I have one over there which I would like to illustrate. This isn't the item that we were talking about.

Mr. Mockabee: Will the witness get the item that he is speaking of?

The Witness: It is over there.

This is a punch holder block, which we are using now. It is not in the same shape as it was at that time. At that time this was the part that was—did I say $\frac{3}{8}$? It was $\frac{3}{16}$ of an inch thick. These screws went there in order to [629] adjust these punches. The block at the top being that thin, when the punch pressed down, this $\frac{3}{16}$ of an inch block kept on springing up. At that time I redesigned it and I put the part on here with longer

(Testimony of Philip Lipson.)

screws, and we put in here little set screws that tightened up this screw from this end.

In 1949 I redesigned this again, and I designed this little block here, which was made in the following manner: The thread was tapped through here, while this was fastened down. After it was tapped through, we took the underside of it and we removed, ground off, approximately one-thousandth of an inch. Thereby when you set it back in here, and the screw is turned in, there is a one-thousandth of an inch space between. When you tighten this up here, this here presses down against the threads inside and keeps these two from turning while this is in operation, because there is vibration in the machine. This is what I designed in 1949, and this is the same thing that I found on Plaintiff's Exhibit, the same function.

The Court: Have you inspected this T-shaped object that came off of Plaintiff's Exhibit 5 which contains on the top of it a small square rectangular block, to see whether it also has been made with a thousandth or some similar space to perform the same function?

The Witness: I had no means of checking it, your Honor. The only function that I can see of it is the same function [630] that mine has.

The Court: I don't know that we can make the record show the block of the defendant that he has been talking about, except that it is a punch block which has space for about four different tools or punches.

(Testimony of Philip Lipson.)

The Witness: Yes.

The Court: And has slots in which the punches operate and clamps to hold the punches on, and presently has a piece at the top of the slot where the punches operate of about—it is less than a half inch. What is it?

The Witness: This is approximately a half inch.

The Court: About a half inch.

(Continuing) —through which the set screws operate against the punches. And on top of the half inch bar, which runs across the top of all four tools or punches are the small rectangular squares through which the set screws also run.

There are only two of those rectangular squares.

You didn't use them on the other punches?

The Witness: These are not punches; these are cams. There are two little set screws here. There is one underneath here. When you tighten this up here, this is a much better form of tightening these screws from turning from vibration.

On these here, it isn't necessary, because this has one adjustment, and these are tightened. [631]

The Court: Instead of having a place for four tools, it has two slots, it is the double head?

The Witness: Yes.

The Court: And the other objects are cams?

The Witness: That's right.

The Court: All right.

Q. (By Mr. Mockabee): On the machine you first observed in Union Slide Company's plant when you went into business with Mr. Loew, was

(Testimony of Philip Lipson.)

there any means provided for locking the punch adjusting screws? A. No.

Q. What occurred to the punches or the adjusting screws or both, without the locking means, which you developed?

A. From vibration they loosened up, and then invariably the punches would have no support and move upward, and we would not get the proper projection height that is necessary for a good zipper.

The Court: Is that blocking means something new, or is that a rather common thing in the industry?

The Witness: I had never seen that before. I had two tool makers working for me, when I suggested that we make that, and they said that they had never seen or heard of it, and they figured it was a good idea.

The Court: It is not very much different from the idea of using two nuts as a lock, is it, except that you rotate one [632] nut down against the other for the lock, and here, of course, you don't rotate your top——

The Witness: No. It is generally, I would say, on the same principle, except that the application of it is different.

The Court: All right.

Mr. Leonard Lyon: If your Honor please, we are spending a lot of time on this, and I don't understand the materiality of it. Does the witness claim some patent on any of these improvements?

Mr. Mockabee: No, your Honor.

(Testimony of Philip Lipson.)

Mr. Leonard Lyon: They have been in public use for many years and are in the public domain, aren't they?

Mr. Mockabee: We are not claiming any patent rights in them; we are pointing out features of the machine which were impractical and disadvantageous and caused trouble, and improvements made by the defendant in order to make the machines operable.

Mr. Leonard Lyon: There is no counterclaim based on any such improvements.

Mr. Mockabee: No.

Mr. Leonard Lyon: I don't understand the theory.

The Court: I haven't yet identified these Loew machines. I don't know what the testimony is going to show as to where they come from, what they were, or whether they were supposed [633] to be Silberman machines, or not.

Mr. Leonard Lyon: I don't know.

Mr. Mockabee: Regardless of the origin of the machine itself, at the time Mr. Lipson entered into business with Mr. Loew, I am trying to point out—I think the witness has already brought out—some of the several difficulties that caused the machine to be frequently shut down because it wouldn't operate properly.

The Court: I understand that.

Mr. Mockabee: And it was not the originator of the machine, but Mr. Lipson, the defendant, who made the machine operate.

(Testimony of Philip Lipson.)

The Court: All right. But what do you expect to show as to where these Loew machines came from?

Mr. Mockabee: It is the type of machine that is the type that is accused in this case.

The Court: Do you have any proof where Loew got them? Whether they are Silberman machines, or did he build them?

Mr. Mockabee: I don't think Silberman had anything to do with building them. It is a double-headed machine involving the same general functional principles, approximately, as the type of machine in suit. And there are features which are found today on the Silberman machine, similar to Exhibit 5, and including Exhibit 5, which if they function at the speeds claimed by plaintiff are capable of so functioning because of [634] improvements made, not by Silberman but by the defendant. In other words, we are saying that the machine originally, of that general type, wasn't a good practical machine.

The Court: All right. I get that point. And we will pass that for a minute. But do you make some contention that Lipson made these improvements on machines that he had, and that somehow or other the plaintiffs got Lipson's improvements and put them on Silberman's machine?

Mr. Mockabee: Yes, sir, I think we can bring that out.

The Court: All right. Let's pass that and go back to the first one.

(Testimony of Philip Lipson.)

Suppose that the machines that Loew had were substantially identical to Silberman machines, or the machine shown by the Silberman patent, but that for the two or three reasons you state the machine wasn't working too well, but it was a machine that was substantially the Silberman machine, the machine shown in the Silberman patent, it had all the elements, they worked in the same relative manners, could a defendant avoid infringement by showing that he made a few devices and made the machine work better?

Mr. Mockabee: I don't know that it was identical with the Silberman machine, your Honor. I don't know whether the defendant knows that. The defendant is not a patent lawyer. But he did know that there were machines in the plant, including the particular machine in question, which had means for [635] feeding a tape and a piece of stock, forming elements and attaching it to a tape.

The Court: I didn't ask you specifically. I gave you a hypothetical question. Assume for argument that the machines in the defendant's plant were machines which had all the elements of the Silberman patent, functioned like the Silberman patent, that they didn't function well, could the defendant avoid infringement by making them operate better, or even by making a few devices that he put on and made them operate better?

Mr. Mockabee: I wouldn't say he could necessarily avoid infringement by making a few small points. It is a matter for the court to decide

(Testimony of Philip Lipson.)

whether some of these changes were what made the difference between a machine which would operate and would not operate.

The Court: In other words, if the Silberman patent on paper looked like a good machine, but wouldn't operate at high speed——

Mr. Mockabee: Yes, sir.

The Court: And if the plaintiff's contention is that Silberman invented a high speed machine, and yet it didn't so operate, and if these improvements made it operate as a high speed machine, then, therefore, the Silberman machine was not operative in the way in which plaintiffs claim, is that your position? [636]

Mr. Mockabee: Yes.

The Court: All right.

Mr. Mockabee: I wish to offer the ram block and punch block assembly described and produced by defendant as Defendant's Exhibit AP.

The Court: AP received in evidence.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit AP.)

Q. (By Mr. Mockabee): Mr. Lipson, you identified and described Exhibit AO, the ejector member; I show you the parts removed from Plaintiff's Exhibit 5 and ask you if you can find a comparable element among them. A. Yes.

Q. (By Mr. Mockabee): Will you describe it?

A. This is a piece of spring steel with a little

(Testimony of Philip Lipson.)

tongue at the bottom which fits into the shearing punch in this manner to eject the element.

The Court: It performs substantially the same function as Exhibit AO performs on your machine?

The Witness: Yes.

The Court: And operates in much the same manner, I take it?

Is the small device which looks like a nail file permanently fixed to the punch by a punch block?

The Witness: Yes, sir.

The Court: I think you had better have that identified as an exhibit, gentlemen.

Mr. Mockabee: If we can call it the ejector of Plaintiff's Exhibit 5 or give it a sub-classification, whichever the court wishes.

The Clerk: The plaintiff asked us not to mark them because they want to put them back on the machine.

The Court: What do you intend to do? It is the plaintiff's machine that is in Judge Hall's courtroom.

Mr. Leonard Lyon: We hope to put the machine back together and use it again. We have no duplicates of those parts to put in as exhibits and these parts belong back in the machine. [638]

The Court: Well, whether they are marked or not——

Mr. Leonard Lyon: It doesn't make any difference.

The Court: They are in evidence and you are

(Testimony of Philip Lipson.)

not going to get them released except by stipulation or at the final settlement of this case. It doesn't make any difference.

The Clerk: The machine is in plaintiff's custody, your Honor. You made an order to that effect.

The Court: That is right. We did make an order to that effect.

Mr. Leonard Lyon: They can stay there. Mr. Meech tells me we can get more parts.

Mr. Mockabee: I appreciate that.

The Court: I will identify this fingernail-shaped thing, which the witness says is the ejector of the plaintiff's machine, and give it the exhibit number 5-1.

The Clerk: 5-A will work better.

The Court: All right, 5-A received in evidence as part of Exhibit 5 and marked "A."

(The document referred to, marked Plaintiff's Exhibit 5-A, was received in evidence.)

Q. (By Mr. Mockabee): Mr. Lipson, was there an ejector made of a strip of substantially flat spring steel with a narrow finger extending from one end thereof and at a slight angle to the remainder of the strip in the machine which you first saw operating at Union Slide Fastener Company and which [639] we have been discussing?

A. No.

Q. Was any means provided on that machine for ejecting elements which might become stuck in the punch? A. No.

(Testimony of Philip Lipson.)

Q. Do you recall any other improvements which you made on the machine you first saw operating at the Union Slide Fastener Company?

A. I made many improvements on those machines. It would be at least 25 or 30 of them.

Q. You say those machines. Do you mean that particular machine alone or that one and others similar to it?

A. Others similar to it in later years—over a period of eight years——

The Court: Do you still have those five machines, the four that were unassembled and the one that was assembled when you went with Loew?

The Witness: Two of them we have in stock. Others were built later.

Q. (By Mr. Mockabee): But in general except for the changes which you have made are they approximately the same?

A. The same in what? Shape? Size or outlook? I don't understand the question.

Q. With regard to their functional parts.

The Court: Were they the same as that first machine [640] that Loew had operating when you went with him except for the changes you made?

The Witness: Yes.

Q. (By Mr. Mockabee): When you first went into business with Mr. Loew and when this particular machine that you first saw was in operation, approximately how fast did it operate?

A. 1,000 RPM's.

Q. Did you try to run it any faster?

(Testimony of Philip Lipson.)

A. Yes.

Q. What happened?

A. The machine vibrated. The zipper elements that came out of it were not as good as when they were run at a slower speed.

And the punches and dies did not last as long as they did when running the machine at a slower speed.

Q. Did any of the improvements made by you operate to increase the speed of the machine?

A. Yes.

Q. What were they?

The Witness: (No answer.)

The Court: The ones you have told us about, the three improvements.

The Witness: Oh, there were a number of improvements. I had moved the positions of various engaging parts of the machine. [641]

Q. (By Mr. Mockabee): In other words there was a gradual series of developments and improvements to increase its speed?

A. That is correct.

Q. Are you now operating machines of that general type in your plant? A. Yes.

Q. What is their present speed of operation?

A. 1500 RPM's.

Q. Can you run them any faster than that?

A. Yes, they can be run at a faster speed.

Q. Why don't you run them faster?

A. Because of the same reasons I outlined before—that if these machines are run faster there

(Testimony of Philip Lipson.)

are certain other improvements that have to be made on them. At the present time if you run them faster they will vibrate and do the same, the very same thing—have the very same deficiencies of operation as I stated before.

Q. I notice on Exhibit AP the ram has “V”-shaped ends. What are these for and how do they fit with the rest of the machine?

A. These here?

Q. The “V”-shaped ends of the ram. At either end of the ram there is an angle of, it appears to be about 90 degrees so that the ends are more or less pointed. [642]

A. They fit into a gib housing which guide this ram block vertically up and down.

Q. In other words the gib housing is stationary and the ram block reciprocates vertically in that housing, is that true? A. Yes.

Q. Have you encountered any difficulties with respect to this particular portion of the machine?

A. What kind of difficulty?

Q. Any kind. A. (No answer.)

The Court: Well, does it freeze?

The Witness: If you run them at higher speeds the expansion of the metal will freeze the ram block in the gib.

Q. (By Mr. Mockabee): Have you actually encountered this difficulty? A. Yes, we have.

Q. At what speeds?

A. At speeds of 1500.

(Testimony of Philip Lipson.)

Q. So that you run your machines at less than 1500 RPM's a minute?

Mr. Leonard Lyon: He just testified he ran them at 1600.

The Court: No, 1500.

The Witness: 1500. [643]

Q. (By Mr. Mockabee): Do you run them at 1500 or less? A. 1500.

Q. That is your operating speed, is that correct? A. Yes.

Q. And higher than that they heat and freeze?

A. Yes.

Q. Is there any way in which you could make the machine with the gib housing for the ram block operate faster in your opinion and in your experience with these machines? A. Yes.

Q. How?

A. By removing some weight from this ram block.

Q. Some weight?

A. Weight, yes, by substituting an aluminum ram block with metal inserts which would permit increased speed.

Q. Have you ever seen a machine constructed in that manner? A. I beg your pardon?

Q. Have you ever seen a machine constructed in that manner? A. No.

Q. Where did you get the thought for that improvement?

A. By figuring out this in the design of the ma-

(Testimony of Philip Lipson.)

chine with the punches being located away from the center of the pull. [644]

Now, this is the center of the pull. The punches that do the stamping are located away from the center of that. In that respect there is a certain amount of leverage like with a hammer and there is a hammer action in punching out.

That is what I stated in the beginning, that I found fault with the design of this machine.

In a normal press the center of resistance should be located right in the same position as the center of the force that pushes it down. Wherefore, this is off center and it acts and has a leverage action in the same manner as a hammer and acting in that manner if you remove weight, the more weight that is removed from these parts here the less of that hammering action you will get.

Like, for instance, taking a steel hammer and hitting something with it and then taking an aluminum hammer and in that manner you can increase the speed of the machine.

Q. Can you recall any other changes you made on the machine that materially affected its operation?

A. When you ask me about the machine, do you mean the general thing taking in all the tools and parts of it? I don't understand.

There is what we call a machine part and there is a tool part which are interchangeable in the machine.

I have made many changes in the design and

(Testimony of Philip Lipson.)

shape of the tools that co-operate or are attached to the machine and are [645] reciprocating means?

Q. My remark was directed generally to any parts of the machine, whether they are machine parts or tool parts. [646]

A. Yes. One of the changes that I have made is putting a little lip on the jaw of the—the closing jaw, which closes the member. I have made a little drawing which is on my pad there, which outlines the function of this. This is the little lip, that is 50 times an enlargement of what this little thing is here (indicating).

The Court: All right.

Q. (By Mr. Mockabee): That lip functions to hold the element against what type of movement?

A. When you cut a piece of metal, assuming that this is a piece of metal that is being cut at this point here, now if this part is laying flat on the die and this part is to be cut, whenever that cut is made there is a tendency of this part to tilt upward. Now, that is the element that is being cut off while it is astride the tape, there is a tendency of it to turn upward, and it forms what we call a herringbone shape on the zipper, in other words, instead of them being parallel, interlocking like this, they will be at this angle here (indicating).

Now, the function of this is to hold——

The Court: Indicating that the zipper elements would not be exactly at right angles to the tape——

The Witness: That's right.

The Court: ——but would be pointed up or down.

(Testimony of Philip Lipson.)

The Witness: Yes. [647]

The Court: Generally what—up?

The Witness: They would generally be in this position on the tape. If the tape were this way, they would be in an upward position. The legs would be at an upward position and the head downward.

Mr. Mockabee: I offer the sketch made by the witness showing an enlargement in profile of one of the element closing jaws made by defendant.

The Court: The next exhibit will be AQ. Received in evidence.

(The sketch referred to was received in evidence and marked as Defendant's Exhibit AQ.)

Mr. Leonard Lyon: Is this something that you contend is present on Exhibit 5, the plaintiff's machine?

Mr. Mockabee: This is on defendant's machines.

Mr. Leonard Lyon: Not on the plaintiff's machine?

Mr. Mockabee: I haven't gotten to that yet.

Mr. Leonard Lyon: What?

Mr. Mockabee: I haven't gotten to that yet. I was just coming up to it.

Mr. Leonard Lyon: All right.

Q. (By Mr. Mockabee): Was there any provision, such as you have made on the clamping jaw shown in the sketch, in the original machine—in the machine you first saw operating at Union Slide Fastener? [648] A. No.

Q. Did that machine without the lip for holding

(Testimony of Philip Lipson.)

down the element as it was sheared produce her-ringbone zippers? A. Yes.

Q. Were zippers of that type objectionable?

A. Yes.

Q. For what reason?

A. They would not hold as well as the others because they were not parallel, and they did not look well. The slider didn't move up and down as smoothly as it would on a zipper where the elements are parallel.

Q. In observing plaintiff's Exhibit 5 did you find any comparable structure on the closing jaws of that exhibit?

A. I tested them at first when the machine was closed, and it seemed to me that it had it. I haven't observed it since then. If I were shown that particular part, I could identify whether it had it or not.

Mr. Mockabee: Probably tomorrow, your Honor, I would like to request an opportunity for observation, the court's observation, of an exhibit of defendant, which is also in Judge Hall's court room.

The Court: Exhibit 5 do you mean?

Mr. Mockabee: It is next to Exhibit 5.

Mr. Leonard Lyon: I will be glad to have the witness look at it again. [649]

Mr. Mockabee: And at that time I would like to have the witness further examine the jaws of Exhibit 5.

The Court: It is not in evidence, this other exhibit that you are talking about, is it?

(Testimony of Philip Lipson.)

Mr. Mockabee: Not yet, no, sir.

The Court: What machine is it?

Mr. Mockabee: It is a machine of defendant.

Mr. Leonard Lyon: The machine of the defendant or the plaintiff?

Mr. Mockabee: The defendant.

Mr. Leonard Lyon: I thought you were talking about looking at our machine.

Mr. Mockabee: No. This is one that we brought up after you brought yours up.

The Court: He also said that he wanted the witness to look at your machine again.

Mr. Mockabee: Yes, sir.

The Court: So you are right and wrong.

Mr. Leonard Lyon: He certainly can look at our machine, either with the court or without the court.

The Court: What does this little lip that you talk about on Exhibit A Q, the sketch—how does it function? Does it set in above one of the pre-formed zippers, or below it, or just what does it do?

Mr. Mockabee: Describe it to the court from the sketch, [650] if you will.

The Witness: I have one made up for it.

The Court: We will take it up tomorrow. This one, do you mean?

The Witness: No, not this one. There is another sketch.

The Court: We will take it up tomorrow. All right.

I suppose we had better start at 9:30. I want to get through with this case this week. 9:30 tomorrow morning.

(Whereupon, at 4:35 o'clock p.m., an adjournment was taken to 9:30 o'clock a.m., Wednesday, March 9, 1955.) [651]

Wednesday, March 9, 1955; 9:30 A.M.

The Court: Call the case.

The Clerk: Talon, Inc. vs. Union Slide Fastener Co., No. 10450, for further trial.

The Court: Off the record before you proceed.

(Discussion off the record.)

The Court: On the record. You may now proceed.

Mr. Mockabee: Your Honor, Mr. Graham was with us on Friday and Tuesday and found it absolutely necessary to return to New York last night.

He came out here primarily to handle the questioning on the counterclaim proposition of which he knew a great deal more than I and had knowledge which was not in the notes and papers which were turned over to me.

Mr. Lipson, will you take the stand again?

PHILIP LIPSON

called as a witness by the defendant, having been previously sworn, resumed the stand and testified further as follows:

Direct Examination—(Continued)

Mr. Mockabee: May I have the small box of parts from Exhibit 5?

(Testimony of Philip Lipson.)

(Objects handed to Mr. Mockabee.)

Q. (By Mr. Mockabee): Mr. Lipson, I hand you a pair of [654] parts removed from Exhibit 5 and ask you if you can identify them.

A. Exhibit 5 consists of a closing jaw and a closing jaw housing which I removed from Exhibit 5, Plaintiff's Exhibit 5 which is located in the other room.

Q. By "closing jaw" you mean the jaw which causes the legs of the zipper element to engage the tape? A. Yes.

The Court: Are you going to question him about these two parts now?

Mr. Mockabee: Yes.

The Court: Well then, let us mark the closing jaw Exhibit 5-B in evidence and the closing jaw housing as 5-C in evidence.

(The objects referred to were marked Plaintiff's Exhibits 5-B and 5-C, and were received in evidence.)

The Court: And both parts are from Plaintiff's Exhibit 5.

Q. (By Mr. Mockabee): Can you describe the shape of that portion of the closing jaw, 5-B, which actually engages the zipper element?

A. It is a slightly recessed surface with a little lip over it which in engaging the sides of the zipper scoop—with your Honor's permission, the word element and the word scoop mean the same thing in a zipper. Sometimes it is called scoops and sometimes elements and sometimes members. [655]

(Testimony of Philip Lipson.)

When they engage the legs of the member this little lip acts to keep the portion that is engaged downward so it doesn't tilt upward when the cutting is done.

Q. In other words, there is a downwardly directed shoulder on that surface? A. Yes.

Q. Do you know the origin of a hold down structure like that on a closing jaw?

Mr. Leonard Lyon: I object to that question as indefinite. Is the question directed to the origin of the structure in Exhibit 5, or is it directed to the origin of some other structure?

Mr. Mockabee: I said a structure.

The Court: Overruled. You can cross examine.

Mr. Mockabee: Answer the question.

The Witness: The question was whether——

Q. (By Mr. Mockabee): Whether you know the origin of the use of means on the closing jaw for holding the element down when it is being severed from the stock.

A. To the best of my knowledge, I was the first one in manufacturing zipper machinery to install this particular lip to act for that particular purpose.

Mr. Leonard Lyon: I object to the answer, your Honor, where it purports to indicate any priority over the plaintiff's Exhibit 5, because there is no evidence that the witness knows anything about the origin of Plaintiff's Exhibit 5.

The Court: Overruled.

(Testimony of Philip Lipson.)

As I remember Silberman '793, there is no lip on their closing jaw.

Mr. Leonard Lyon: I think that is correct.

The Court: Therefore, it is not one of the claims of the [657] Silberman patent, and the witness has now merely made a claim that he is the man that invented the little lip, or first used it, or whatever you want to call it, for whatever that is worth.

I don't know what effect that will have except on this general theory that he made the Silberman device operate at high speed when it wouldn't operate before. I don't know.

Mr. Mockabee: That is the general idea, your Honor.

Q. (By Mr. Mockabee): Do you recall about when you developed the idea of the lip or projection for holding the zipper element down when it is severed?

A. It was in the summer of 1949.

Q. What prompted you to design the closing jaw in that manner?

A. We were getting zipper chain made with scoops attached at a slant to each other instead of being parallel, commonly called a herringbone shape, and I tried various means to eliminate that, and one of the means was putting a holding device on the jaw to hold the scoop down when it is being sheared and attached to the tape.

Q. I believe you testified yesterday, did you not, that the herringbone arrangement of the zipper element on the tape was due to the fact that the ele-

(Testimony of Philip Lipson.)

ment was not properly held down when it was sheared? A. That is correct. [658]

Q. Did the tendency of a machine without the hold down lip on the closing jaw to tilt the element have anything to do with the speed of operation of the machine? A. Indirectly, yes.

Q. Can you explain that?

A. It had more to do with the quality of the zipper produced, and if the zipper chain did not come out properly from the machine, the machinist or operator would have to stop and try to correct it, and thereby the efficiency of the machine was reduced. It would also cause, often, the elements, the scoops, to be dislodged and go underneath the punches, unless they were held down. And that would also cause stoppage on the machine. In my estimation it would not make any difference as to the r.p.m. that the machine was running, capable of running, or not; it would only reduce the efficiency of operation on the machine.

Q. Then would you say it considerably slowed down the rate of production of zippers?

A. That is correct.

Q. When you became associated with Mr. Loew in the Union Slide Fastener Company, you stated yesterday that you saw the first double-headed machine in operation. Did you at that time have any knowledge of the Silberman patent '793 in suit?

A. No. [659]

Q. Did you know or know of Mr. Silberman?

A. No, I never heard of him.

(Testimony of Philip Lipson.)

Q. Did the double header chain machine of Union Slide Fastener have a device for spacing or providing an interruption in the feed of metal to produce intervals on the tape where no elements were attached? A. No.

Q. Do you know when or if such a device was installed on the chain machine of Union Slide Fastener?

A. Some time in August Mr. Loew and——

Q. August of what year?

A. August of 1947, it was two months after I associated myself with the company, the two of us visited the California Slide Fastener Company on a Saturday, and we saw there machines in operation, and they had an electronic counter in a cabinet that was attached to the wall, and by means of wires, electric wires, there was a connection between that cabinet and a solenoid which was attached immediately at the position where the metal feed mechanism was operating, and by means of that solenoid or counter operating the solenoid the pawl was lifted from the ratchet or moved away from the ratchet so that there was an interruption at specified moments of the feed of the metal, thereby creating a gap.

The Court: I think I understand this. This is so that elements would be attached to the tape for say 12 inches, and [660] then there would be a gap, and then they would be attached to the tape again for 12 inches, or 10 inches, if the machine was so set?

The Witness: That is correct.

(Testimony of Philip Lipson.)

The Court: All right.

The Witness: I also saw other machines. That was only connected on one of their machines.

Q. (By Mr. Mockabee): Pardon me a second. What general types of machines were used at California Slide Fastener?

A. Generally speaking, they were similar in shape and design, but not in detail, to the double header machine which I saw at the Union Slide Fastener Company.

Mr. Leonard Lyon: Called what?

(The answer was read by the reporter.)

Q. Now, you spoke of another type of machine in California?

A. No, not a type of machine—not a device for spacing——

The Court: Keep your voice up so counsel can hear you.

The Witness: Some of the other machines had a device for spacing which was based on an accumulation or integration of various sizes of gears.

They admitted that it took anywhere from a half hour to three-quarters of an hour——

Mr. Leonard Lyon: I object to that statement as to what they admit. Is that what you said?

The Witness: I said they admitted——

Mr. Leonard Lyon: Well, any admission I object to.

The Court: It may go out.

Did you see the operation of these other ma-

(Testimony of Philip Lipson.)

chines that had the mechanical spacing device other than the electronic?

The Witness: Yes.

The Court: Did you observe some lapse of time involved in the operation?

The Witness: The time involved in setting it up—in changing it from a 7 inch to 8 inch or 10 inch zipper, yes.

The Court: Did you observe that?

The Witness: Yes.

The Court: All right, go ahead. [662]

The Witness: I observed that it took nearly three-quarters of an hour to make the change.

Now, when we came back to our shop Mr. Loew and I discussed the matter and he wanted me to order an electronic spacing device for our machines.

We were informed that the price was \$800 and I suggested to Mr. Loew that I could build a mechanical device with levers and a sprocket and chain which would cost about \$50 or \$60 to build, to do the same thing that these other spacing devices did.

Q. (By Mr. Mockabee): Did you build one?

A. I designed it and built it and supervised the testing and it worked all right.

The Court: How long did it take the device that you built to convert from a 7 or 8 or 10 inch strip?

The Witness: Two minutes.

Q. (By Mr. Mockabee): Is that the type of spacing device used on your present machines?

Mr. Leonard Lyon: What "present machines"?

(Testimony of Philip Lipson.)

Mr. Mockabee: The machines in his plant at the present time.

The Witness: It is an improved device embodying mainly the same controlling factors but not the moving factors. In other words I eliminated the mechanically operated levers and installed instead a micro-switch and Solonoid arrangement [663] which is entirely in its design and in its arrangement and the type that I have seen on California Slide Fastener's machines.

Q. (By Mr. Mockabee): Does this present arrangement with the Solonoid micro-switch embody the same general principles that you first conceived with regard to a spacing device?

A. Yes, it does.

The Court: You inspected Exhibit 5 now in Judge Hall's courtroom?

The Witness: Yes, sir.

The Court: What kind of spacing device does it have?

The Witness: That is a spacing device which is a counter—a mechanical counter.

There is a company who builds those and we have the same thing installed in our exhibit there.

It is a company that manufactures a mechanical counter which is attached to the shaft and works according to a pre-arranged number of elements. It doesn't go by the length of the chain like our device worked but by the number of elements or scoops that are put on.

The Court: The result is the same?

(Testimony of Philip Lipson.)

The Witness: Yes; and it is a much better device than what I have.

The Court: So now on your machines in your plant you use, on certain of them, this mechanical counter made by this other firm and on other machines you use the micro——[664]

The Witness: They are both using the micro-switch and Solonoid. The only difference is that mine is using a sprocket and chain with certain pins on it which determine the length of the zipper, whereas these counting devices determine the number of scoops that are put on the chain and when a certain number is counted up then the micro-switch goes on and by means of the Solonoid lifts the pawl from the ratchet.

The Court: What are you now using on your machines in the plant?

The Witness: On one machine only, the sample I brought up here, we are using that particular counter.

The Court: The new one that is made by some independent firm?

The Witness: That is correct.

The Court: And on the other machines you are using an improvement of what you say is your device?

The Witness: That is correct.

The Court: Which improvement also has a micro-switch?

The Witness: That is correct.

The Court: All right.

(Testimony of Philip Lipson.)

Q. (By Mr. Mockabee): Besides your zipper manufacturing machinery do you have any other type of machine tools in your plant?

Mr. Leonard Lyon: We can't hear over here. You put your—— [665]

Q. (By Mr. Mockabee): Beside your zipper machine——

The Court: If you get back further away from the witness he will speak louder.

The Clerk: May I identify those two parts to be marked?

The Court: The closing jaw is Exhibit 5-B.

The Clerk: Which is which?

The Witness: The closing jaw is this part here.

The Court: And the housing is 5-C.

The Witness: May I ask my counsel something?

The Court: Yes.

The Witness: Do you want to enter this as an exhibit too. This is our own.

Mr. Mockabee: Yes. I wish to offer as Defendant's Exhibit AR an element closing jaw identified by the witness as coming from one of the machines in use by him and with an element engaging lip designed by him.

The Court: It will be received in evidence as Exhibit AR.

(The object referred to, marked Defendant's Exhibit AR, was received in evidence.)

The Court: This is the device of which you drew a picture yesterday?

The Witness: Yes, sir.

(Testimony of Philip Lipson.)

The Court: Which is sketch marked AQ.

The Witness: Yes. [666]

The Court: And Exhibit AQ is the design of the front with a lip?

The Witness: Yes.

The Court: All right.

Q. (By Mr. Mockabee): I will rephrase the question I put to you a moment ago. Do you have a machine shop in your plant? A. Yes.

Q. You said yesterday that parts of double-header machines were being constructed in Union Slide Fastener Company. They were when you associated yourself with Mr. Loew.

Did you observe anything else in Union Slide Fastener Company which was evidence of the construction of those machines?

A. At the Union Slide Fastener?

Q. Yes.

A. Yes, I did. In associating myself with the corporation we had engaged an auditor to audit the books and to determine the value, the net worth of the corporation and Mr. Loew's invention.

In auditing the books we came across a number of invoices from contract shops or job shops who did various parts for Mr. Loew — parts of the double-header machine which were later used in assembling it. [667]

The machine shop of the Union Slide Fastener Company did not have heavy tools—heavy tool machines with which to construct or to machine some of the heavy parts of the double-header chain ma-

(Testimony of Philip Lipson.)

chine. Therefore, some of this work was contracted out.

The smaller and more concise parts—the parts that have more close—that have closer tolerances were done at the machine shop of the Union Slide Fastener Company. [668]

The Court: Do you have those invoices?

The Witness: Yes.

The Court: Do you have them now?

The Witness: I believe they are—they may be there. There was a fire at our plant last year, and some of the old records were stored away in a place, some were burned and some were not. Now, I couldn't say for sure.

The Court: Let me ask you this: As to Exhibit AR, this closing jaw from your machine, did you make that?

The Witness: Yes.

The Court: Made it yourself?

The Witness: No. It was made at our shop.

The Court: By some mechanic under your direction?

The Witness: That is correct.

The Court: Tool maker?

The Witness: Yes.

The Court: Do you claim to be a tool maker yourself?

The Witness: Yes, your Honor.

The Court: Would you be capable of making a device like AR?

The Witness: I couldn't say. I was 25 years

(Testimony of Philip Lipson.)

away from the trade, and you lose a certain amount of skill, and this requires precision work. I couldn't say that I could. I never tried it.

The Court: Before you were away from the trade, could [669] you make things like this?

The Witness: Yes, I could.

The Court: All right. Go ahead.

Q. (By Mr. Mockabee): At that time in the early days were you actually ever employed as a tool maker?

A. Yes, I was. In Berlin, Germany, and later in Warsaw, Poland, and at the Ford Motor Company in Highland Park, Detroit.

Mr. Leonard Lyon: I don't think the witness has testified as to when he left Germany. I am trying to figure out how old he was when he had this experience.

The Court: When did you leave Germany?

The Witness: In 1919.

The Court: And how old are you now?

The Witness: I was born in 1898, November 15th.

The Court: You are 57?

The Witness: 56. I will be 57 in November.

Q. (By Mr. Mockabee): I believe you testified yesterday, did you not, that a good deal of your employment while you were in Germany was at a time when you were fairly young, is that not true?

A. Yes.

Q. Approximately how old were you?

A. I graduated at Trade High School, I was

(Testimony of Philip Lipson.)

15½ years old. I was four years under age when I was accepted into this high school.

Q. Speak a little louder, please.

A. I was four years under the age required to be accepted [670] into this high school, but I was accepted because of the fact that in mathematical knowledge I knew almost as much as was required to graduate that high school, when I entered at the age of 12.

Mr. Leonard Lyon: The witness has testified to something about 25 years when he was doing something else. I don't know whether he has told us what he was doing during those 25 years.

The Court: Yes. He said he went into commercial business.

Mr. Leonard Lyon: I don't know what business.

Q. (By Mr. Mockabee): State specifically what business.

A. Retail furniture and appliance business.

I entered it because I happened to speak five languages when I came to this country, and somebody induced me that I would have a hard job to continue with my engineering knowledge, that I couldn't make a living at it in the beginning——

Mr. Leonard Lyon: You weren't engaged as a mechanic or as an engineer at any time during those 25 years, is that right?

The Witness: No, I was not.

The Court: Let's go ahead.

The Witness: What was the question?

The Court: When I interrupted and we got off

(Testimony of Philip Lipson.)

on your ability or inability to make this device AR, we were talking [671] about the invoices that you had come across showing the making of parts, particularly those parts that required heavy machines for the machines at Union Slide when you went there with Loew.

Go ahead, counsel. Ask your next question.

Q. (By Mr. Mockabee): When you entered into business with Mr. Loew, was there any audit of the books and condition of the company?

A. Yes.

Q. By whom?

A. By an independent auditor whom I knew from Detroit, Michigan. His name was Mr. Greer. He was a CPA.

The Court: What has that got to do with this?

Mr. Mockabee: That is leading up to, your Honor, the association——

The Court: Go ahead and ask your question.

Q. (By Mr. Mockabee): Proceed.

A. I thought I answered the question.

The Court: He gave the name Mr. Greer.

Q. (By Mr. Mockabee): Did you tell Mr. Greer why you wanted this audit?

A. It was impossible for me to determine the value of certain devices or the value of a machine which was not or could not be purchased on the open market. We therefore decided to determine the net worth of Mr. Loew's investment by [672] an audit of his expenses up to and including the time of the association, and in checking this audit

(Testimony of Philip Lipson.)

he came across all of the expenses that he had in connection with building that machine.

Q. Among the assets in which you invested in Union Slide Fastener, were there any patent rights?

A. There was a license in question, a license to a patent, which was not a part of the Union Slide Fastener Corporation; it was owned by Mr. Loew.

Q. Personally?

A. Yes. And in purchasing into the corporation, it was made conditional upon my buying 50 per cent interest in the license and in the factory building where the Union Slide fastener was located.

Q. Do you recall from whom the license was obtained by Mr. Loew?

Mr. Leonard Lyon: I object to that. The license must have been in writing.

The Court: Sustained.

Do you have the license?

Mr. Mockabee: I was just going to bring that out. The license is in the hands or possession of an attorney here in town. Mr. Lipson has been trying to dig it out of him. Thus far they have been unable to find it.

We hope to find it before the trial closes. It is a [673] written license, your Honor.

Mr. Charles Lyon: Is that Mr. Schneider?

Mr. Mockabee: Lipson knows the man. I don't.

Mr. Leonard Lyon: Are we going into the litigation the witness had about this with Mr. Loew, in

(Testimony of Philip Lipson.)

which the witness charged fraud and invalidity of the patent?

Mr. Mockabee: No.

Mr. Leonard Lyon: You seem to be leading up to that. If you are going into that, I want to make certain objections.

Mr. Mockabee: I hope to bring out a patent license showing the origin of the machine in the plant when Mr. Lipson entered into business with Mr. Loew.

Mr. Leonard Lyon: I don't know what the patent license would show, but it certainly would have to be here in writing. We can't take oral testimony about it.

The Court: We couldn't take oral testimony as to the terms of the license, but we could take oral testimony that he had a license.

Mr. Leonard Lyon: That is correct.

The Court: Even though it is not here.

Mr. Leonard Lyon: I understand counsel wants to show from this license agreement certain things, which would require that the writing itself be produced.

The Court: It might or might not. Personally, I don't [674] see what the terms would have to do with it. It would seem to me to be more a question of what patent it was that had been licensed to Loew.

Mr. Mockabee: I am primarily trying to show the existence of the license. The reason for the machines that were built by Loew.

(Testimony of Philip Lipson.)

The Court: Is there any objection to letting the witness testify to the fact that there existed a license to Loew in which he bought a half interest, without describing the terms of the license?

Mr. Leonard Lyon: If the terms of the license are not involved, I have no objection.

The Court: Did you buy half interest in this license?

The Witness: Yes, your Honor.

The Court: On what patent was the license?

The Witness: On the Loew patent.

The Court: What Loew patent? Is there more than one?

The Witness: There was only one. Mr. Loew sold his patent rights in the United States and Canada.

Mr. Leonard Lyon: I object to this statement. He is now going into the terms of some transaction.

The Court: It may go out.

Is there only one Loew patent?

Mr. Mockabee: Yes. That is an exhibit. I don't have the number of it at this time. [675]

The Court: Let me see it.

Mr. Leonard Lyon: If your Honor please, I might state that the reason we are a little captious about this is because the witness filed an action in the nature of a counterclaim in the court, in the Superior Court here, charging that this Loew patent was invalid, and that he was induced to make this purchase of the license by fraud, and now I don't know what effect is to be given to the transaction, and that is why I want to be very careful

(Testimony of Philip Lipson.)

about the propriety of the evidence, the competency and the form of the evidence.

The Court: All right. I have sustained your objections and we are limiting it now to just what the patent was.

I show you Defendant's Exhibit O already in evidence; is that the Loew patent that you are talking about?

The Witness: Yes, your Honor.

Mr. Mockabee: Your Honor, Mr. Lyon has made some remarks about charges of fraud in a controversy between Mr. Loew and Mr. Lipson. I had just agreed that I was not bringing all this controversy into the case, because I did not see its pertinency, but I may be forced to now.

The Court: The mere fact that counsel made a statement doesn't mean a thing. It is not a part of the evidence in this case upon which this court would act.

Mr. Mockabee: It can create an implication, your Honor.

The Court: Not with me. [676]

Mr. Mockabee: That is fine. Thank you.

The Court: It doesn't mean a thing.

Mr. Lyon, to get your position straight, you don't make any contention that Mr. Lipson did not have an interest in some license under the Loew patent, Exhibit O?

Mr. Leonard Lyon: I do not, your Honor.

The Court: All right.

That is the extent of the evidence so far.

(Testimony of Philip Lipson.)

Mr. Leonard Lyon: I am interested in what implications are attempted to be drawn from that.

The Court: We haven't got there yet.

Q. (By Mr. Mockabee): Did you pay any substantial amount for your half interest in the Loew license? A. Yes.

Mr. Leonard Lyon: I object to that as immaterial. Sooner or later we are going to get into something that will take a lot of time, unless we avoid it entirely.

Mr. Mockabee: I am merely trying to show that——

Mr. Leonard Lyon: If that would be material, that he paid a large amount of money for this license, it is material, also, what I am prepared to prove, that he afterwards brought suit that he had been defrauded, that the patent was of no value.

The Court: Strike the question and answer out.

Did you pay a consideration, without stating it—— [677]

The Witness: Yes.

The Court: ——for this half interest in the Loew license?

The Witness: Yes, your Honor.

The Court: Go ahead.

Q. (By Mr. Mockabee): In your experience in mechanical fields, was it ever necessary for you to read and/or prepare drawings of mechanical devices? A. Yes.

Q. If you were shown a copy of the Loew patent, Defendant's Exhibit O, can you compare what

(Testimony of Philip Lipson.)

is disclosed in that patent with the types of machines in Union Slide Fastener when you associated yourself with Mr. Loew?

A. Compare as to shape, detail, or——

Q. The essential functional elements involved.

A. The essential functional elements involved are the same as in the machines we are using now.

The Court: The Loew patent shows a ram, does it?

The Witness: It does not give details of a machine; it just generally lists a press. This is a punch holder block. It can be attached to a ram or part of a ram. It doesn't show detail.

The Court: It is a punch holder block holding a punch 6 to make recesses and projections?

The Witness: That is correct.

The Court: And a device that makes notches and also [678] severs the ends?

The Witness: Yes, your Honor.

The Court: 34 is a cam?

The Witness: That is right. [679]

The Court: Is it a sliding cam?

The Witness: The cam to operate the jaws in and out.

The Court: It is a cam that has something like a 45-degree angle?

The Witness: Yes, your Honor.

The Court: And that operates the jaw?

The Witness: Yes, your Honor.

The Court: This uses a piece of strip metal?

(Testimony of Philip Lipson.)

The Witness: Yes, your Honor, as shown on the picture.

The Court: And it notches out a little bit of material which is waste material?

The Witness: That is correct.

The Court: On the sides?

The Witness: That is correct.

The Court: It has a device for holding the fabric and to raise the fabric intermittently in a vertical plane?

The Witness: Yes, your Honor.

The Court: And the strip comes across in a horizontal plane?

The Witness: Yes, your Honor.

The Court: And it has a corresponding die or reciprocating parts to meet the punch and cut it off?

The Witness: Yes, your Honor.

The Court: All right.

Q. (By Mr. Mockabee): What was the reasonable and [680] maximum operating speed of the machines when you first associated yourself with Mr. Loew?

A. Approximately 900 RPM on brass and 1,000 on aluminum.

Q. And I believe you stated yesterday that the present operating speed is what?

A. 1500 on aluminum. It is slightly less on brass.

Q. Is there any particular thing about the ma-

(Testimony of Philip Lipson.)

chines in their present condition which necessarily limits them to the 1500 revolution speed?

A. Yes.

Q. What is that?

A. I believe I testified yesterday the operation of this type of machine with a ram block of this weight——

The Court: Referring now to Exhibit AP, Defendant's Exhibit AP?

The Witness: This thing in my estimation will weigh approximately 18 to 20 pounds. Maybe I am wrong. I am not a good judge of weight.

Now when you take a ram block like this here with all the punches and you run it at such a speed of 1500 RPM you are creating an awful vibration in the machine which will affect the efficiency of the punches and dies you are working with.

It will affect the close fittings of the machine and in such vibrations in order to eliminate them one would have [681] to devise some—I would say an average or little better than average mechanical skill, to devise something that would eliminate this weight and would put these punches in a position where they are not so much off center.

The Court: Yes.

Q. (By Mr. Mockabee): Yes. I believe you did testify to that yesterday.

The Court: Yes, he did.

The Witness: One of the first suggestions when I was still with Mr. Loew was to remove the center of push from here similar to what the Exhibit 5

(Testimony of Philip Lipson.)

shows in there, which doesn't have a ram block but a block holding the punches and arms extending so that your up and down movements are more like in a spring.

I also had suggested to him to redesign the machine but it would have cost a lot of money.

Q. (By Mr. Mockabee): Yes, I believe you did explain that yesterday, Mr. Lipson.

Now, I would like to ask you from your experience generally as a mechanic, toolmaker and your experience with this particular type of machine, is the ram block and its guiding gibs the only thing that prevents it from running at a higher speed?

A. Yes.

Q. Do the changes which you have made and the improvements [682] which you placed on the machines of Union Slide Fastener have any particular limitation to the speed of the machine?

The Witness: I don't follow your question.

The Court: Read the question.

(Question read.)

Q. (By Mr. Mockabee): In other words can the machine except for the ram block and its guides be operated at any greater speed than 1500 revolutions per minute?

A. They can be operated at much greater revolutions but the work will not be efficient and the machine will not last very long.

Q. Is that due to anything in the original structure [683] of the machine or changes which you have made?

(Testimony of Philip Lipson.)

A. No, it is in the original design of the machine.

When you operate a gib like this here at high speeds—I mean a ram block in the bed of a gib, when you operate it at high speeds there is friction there and the friction tends to expand the metal.

For instance, in the machine that I found at the Union Slide Fastener, the gibs were made of tempered steel and so was the ram block and even at speeds of 1200 they would freeze up.

What I did later was to change the gibs from tempered steel to a high grade of cast iron. I forget the name of the cast iron. [683]

Cast iron being more porous you can make a closer fit and create less friction and thereby that was one of the things that enabled me to run the machine a little faster.

But in order to run it at 2,000 or 2,500 RPM the heat created would be so great that the machine would freeze up regardless if there were any other types of metal used.

In order to speed it up considerably one would have to eliminate the gib and the ram block.

Q. In your opinion, outside of the consideration of the gib and the ram block, do any of the improvements which you have made permit an increased speed of operation?

A. Yes, that is right.

Q. Particularly which one or ones?

A. In the machine that runs at this speed and with punches reciprocating—reciprocating punches

(Testimony of Philip Lipson.)

and dies that have to fit in this case here to a tolerance of 2/10,000ths, which is roughly one-tenth the thickness of the human hair, you have to have closely fitted parts to which it is attached.

In other words it is important that all the parts of the machine are very closely fitted, which I did not find in the first machine.

As I explained yesterday there was a 3/16 bar was put across here to hold the set screws. Now, that was something which the average mechanic—I won't say a toolmaker, but the average mechanic should know better. [684]

Now, this is just one minor item. The whole machine was built and constructed in such a way it couldn't operate efficiently and I believe I stated yesterday that the machine would operate for a half hour and would be down for two or three days, sometimes four days, to try to find a way to improve the condition that caused the breakdown. What I have done was start to rebuild nearly every functional part of that machine. The only thing I could not change was the general design because that would necessitate the junking of the whole machine and building a new one. So, I did the best I could in improving both the parts that were made—there were so many of them in order to enumerate it it would take too long a time.

I had marked down for my own memory a list of a few items on one of the patents that you inadvertently took back. These are not the ones.

I couldn't recall all of them because I listed the

(Testimony of Philip Lipson.)

most important ones on the patent. There were at least 35 or 30 changes that I made in the machine and the dies.

Q. What was the purpose of the list you made on the other patent, Mr. Lipson?

A. I beg your pardon?

Q. What was the purpose of the list you made on the other patent, Mr. Lipson? Merely to refresh your memory?

A. A few items I listed when we took the other machine [685] apart. I listed items which were improvements, which I made, on the machine and which I had also found on Plaintiff's Exhibit 5, in order to remember them and they are important ones, so I jotted them down at that time.

The Court: Well, you have testified about them all, have you not?

The Witness: Not all. I testified about two or three of them—the ejector, the lips on the closing jaws, the plate to tighten the punches——

The Court: You testified about those.

The Witness: And the punch with notches. That is something that we did not come to. It is an entirely different punch from the one found on the Silberman machine.

I believe one of these has been entered in evidence.

I have a punch here that comes from a Silberman machine—Silberman type machine. These are the two punches.

(Handing objects to the court.)

(Testimony of Philip Lipson.)

The Court: You have handed me two punches. You say one is from the Silberman machine and one from——

The Witness: That is correct.

Mr. Leonard Lyon: What does he mean by the "Silberman machine"?

The Court: The machine No. 5 I suppose. Is that what you mean, Exhibit No. 5?

The Witness: No, not Exhibit No. 5. I mean the [686] Silberman machine as shown on the patent and as I have seen at California Slide Fastener. I found out later on those were the original Silberman machines.

The Court: You handed me a punch, this one here.

The Witness: That is correct, your Honor.

The Court: Which you call a Silberman machine punch. We will mark this Defendant's Exhibit AS.

(The object referred to was marked Defendant's Exhibit AS for identification.)

Mr. Leonard Lyon: I still don't know, your Honor, where the punch came from.

The Court: And I am going to find out. Where did you get this punch, Exhibit AS?

The Witness: From Mr. Eisenberg of the California Slide Fastener Company.

The Court: And it came out of a machine there that you say is a Silberman machine?

The Witness: Correct.

The Court: Did you study the machine there at California?

(Testimony of Philip Lipson.)

The Witness: Yes, your Honor.

The Court: Did you compare it with the Silberman patent '793?

The Witness: Yes, sir.

The Court: And it is your testimony that the California [687] machine from which this punch AS came was designed according to the Silberman patent?

The Witness: Identical, your Honor.

The Court: You have handed me also a punch which I take it comes from one of the defendant's machines?

The Witness: That is correct, your Honor.

The Court: That will be marked AT for identification.

Mr. Mockabee: Your Honor, I have one of those already identified but not offered. It is Defendant's Exhibit D.

The Witness: There is one I believe already offered.

The Court: Well, let us forget about Exhibit D and have the two in here side by side.

Mr. Mockabee: All right.

The Court: Do you find Exhibit D there?

The Clerk: Yes. Here is one marked D for identification.

The Court: Yes, and that is the same as we have now marked AT for identification.

The Witness: May I see it, please? Yes, this is identical with this one.

(Testimony of Philip Lipson.)

The Court: All right. The record may show the witness said Defendant's Exhibit D for identification is the same as Exhibit AT for identification. Probably later on you will withdraw Exhibit D.

(The object referred to was marked Defendant's Exhibit AT for identification.) [688]

The Court: Now, what were you going to tell me about the difference between the two punches?

The Witness: AS is identical with the drawing in the Silberman patent.

The Court: That is Figures 60 and 61?

The Witness: Yes.

The Court: On sheet 8 of the Silberman patent '793?

The Witness: Yes.

The Court: It is a cut-off punch?

The Witness: Yes, sir, that is the shearing punch.

The Court: How does your punch Exhibit AT differ?

The Witness: This punch differs in this respect. If your Honor please, I brought along drawings to show an enlargement. They are a 50 to 1 enlargement to show the difference between the one and the other. It is there on the table.

The Court: All right, you may get it.

Is there any objection to receiving AS and AT in evidence?

Mr. Leonard Lyon: None, your Honor.

The Court: They may be received.

(Testimony of Philip Lipson.)

(The objects referred to, marked Defendants' Exhibits AS and AT, were received in evidence.)

Mr. Leonard Lyon: Off the record.

(Discussion off the record.)

The Witness: Your Honor, these are two drawings of the so-called strip. [689]

The Court: All right. We will mark the top drawing AU for identification and the second drawing AV for identification.

Has counsel seen the drawings?

The Witness: We handed counsel copies of these two drawings, the top one with the notches and without the notches the Silberman type.

The Court: Wait a minute. The top one — you want to identify the top one as——

The Witness: AU. And the bottom one is AV. That is the defendant's strip.

The Court: What is Exhibit AV—which patent?

The Witness: This bottom one is the one.

The Court: Let us call it AV.

The Witness: AV is the one we do with the notches, your Honor. I would like to explain——

The Court: Wait just a minute before you explain it.

Exhibit AV for identification is the way you operate with your punch?

The Witness: That is correct, your Honor.

The Court: All right. And AU is the Silberman operation of the Silberman punch?

The Witness: The original Silberman patent.

(Testimony of Philip Lipson.)

The Court: Based upon Silberman Patent '793?

The Witness: That is correct. [690]

The Court: All right. Now explain your drawing AV.

The Witness: If your Honor will notice, the low patent has notches on each side.

The Court: Yes, I notice that.

The Witness: At the left hand of this drawing is shown a dotted line showing this last scoop after it is closed and it is shown in full lines before it is closed.

If your Honor will notice that the portion of the notch, one portion of the notch forms the outside leg, and that is this part here, and the other portion forms the base of the leg. In other words the two lines here formed by the notching punch form the major part of the outside outline of the closed scoop.

In severing this the arc of the punch here, which is outlined here in a heavy line, joins this portion here where it is the apex of the notch and thereby forms an element which is completely sheared off.

(The objects referred to were marked Defendant's Exhibits AU and AV for identification.) [691]

The Court: Is that all done with one cutting, the notch and the rounded back portion of the element, or is there two cuts?

The Witness: No, the notch is done here, at this place here.

The Court: Done earlier in the operation?

(Testimony of Philip Lipson.)

The Witness: It is done earlier. It is two stations past the notch where the shearing is done.

The Court: All right.

The Witness: And the clamping is done at the same time when it is sheared off.

In this method here, which is not shown on the punch, but I have another sketch there I made out—in this formation here the closing of the jaws is done with one squeeze of the jaws. I have here——

The Court: Do you want to go to this new sheet, or do you want to talk about AU while we have got it here?

The Witness: We can go to AU.

The Court: All right.

The Witness: In this Exhibit AU, which is the Silberman method as outlined in his patent '793 there are no notches that form the legs. The legs are formed by the sides of the strip used, by the metal. The shearing of the arc when the element is severed forms the head, as well as the inside portion of the legs of the scoop. The outside portion of the [692] legs is not formed until the jaws squeeze it later and shape it into a round form. In that way these two punches differ in their operation.

The Court: All right. I understand it.

Is there any objection to AV and AU going into evidence?

Mr. Leonard Lyon: No, your Honor.

The Court: Received.

(Testimony of Philip Lipson.)

Now, you had another diagram you wanted to show me.

The Witness: I have a diagram——

The Court: Let's mark it AW for identification.

(The document referred to was marked Defendant's Exhibit AW for identification.)

The Court: Are both sides of this material?

The Witness: No.

The Court: The reverse side with a cross through it will have nothing to do with the case.

The Witness: I have drawn this sketch while Mr. Doble, the expert of the plaintiff, testified last week, and I drew this up to show my counsel just what I meant by the function of the lip in closing the jaws. At the same time I am showing in this sketch a difference between the closing of the jaws of a square shouldered element, which is in the Loew patent, used by the defendant, and the difference in the closing of the jaws of a round shouldered element, which is described in the Silberman patent '793. [693]

The Court: The top figure on your yellow sheet, AW, is the Silberman?

The Witness: It is marked Silberman.

The Court: And the bottom figure is the Loew figure?

The Witness: Loew square shoulder, yes, your Honor.

In the drawing of the closing of the jaws of the round shouldered element, as also illustrated on the drawing, Figs. 17, 18, 19, and 20 of the Silber-

(Testimony of Philip Lipson.)

man patent, this is merely an illustration on the sketch, an illustration of the stages in full lines, dotted lines, and these are semi-dotted lines. So what happens to this scoop when the jaws close? In the Silberman scoop we have got one stage of closing, which I believe was testified here that it is only partially closed on the tape, and that is shown in Fig. 19, leaving on the sides a little projection there, which according to the description of this patent is later on—four stages later, I believe it is shown in Fig.—

Mr. Mockabee: 32.

The Witness: Fig. 32. 558 is the lower portion of the jaw which I described here as A.

The Court: By “here” you mean Exhibit AW?

The Witness: On Exhibit AW as “A.”

Then we have a recess here where we see two other elements in there and those are indicatd as idling stages, and then there is a fourth element or scoop in there between the upper [694] part of the jaws, and that is—in the outline here is what is done at this stage on Fig. 20. It takes off these little—

The Court: You were just referring to Fig. 52 on sheet 6 of the Silberman patent?

The Witness: Yes.

The Court: Showing the two sets of jaws?

Mr. Mockabee: I believe it is Fig. 32, your Honor.

The Court: Right, Fig. 32. Now, just a minute.

(Testimony of Philip Lipson.)

Do I understand that the Silberman patent has a jaw with a curved surface?

The Witness: Yes, your Honor.

The Court: Where was that shown in the Silberman patent?

The Witness: This little thing is the curve between this line and this line, as indicated in here.

This dotted line shows a curve, which is on the back side of this here.

Mr. Mockabee: That is in Fig. 57, Mr. Lipson?

The Witness: Fig. 30.

The Court: I am referring now to your Exhibit AW purportedly of the Silberman patent where you show the jaw with a curved surface approach the leg.

The Witness: I should indicate to your Honor that this drawing here is looking at it from the top downward. In this I also show a figure where it looks as the punch moves on, as we look at the front of the machine. This is looking downward.

The Court: And you have a curved face on the jaw?

The Witness: That is correct.

The Court: Where do you find a curved face in Silberman's patent?

The Witness: Your Honor, the curve does not show in detail here.

Mr. Mockabee: I think it is better shown in Fig. 67 on sheet 10. In that figure the jaw 547 is shown in broken lines, and there is an arcuate broken

(Testimony of Philip Lipson.)

line approximately at the point where the lead line 556 terminates.

The Court: Yes, I see it.

Well, the Loew patent has a square jaw?

The Witness: Yes, your Honor.

The Court: Which comes into contact with the angular point made by the apex of the notch?

The Witness: Yes, your Honor.

The Court: The written material on Exhibit AW is your description of the operation?

The Witness: Description of the operation, and the comparison between one and the other.

Mr. Mockabee: Your Honor, may I have permission to withdraw that this afternoon and get copies made?

The Court: All right.

AW received in evidence. It may be withdrawn and handed to counsel for the purpose of preparing copies. [696]

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit AW.)

Q. (By Mr. Mockabee): Mr. Lipson, are you generally familiar with the description and drawing in the patent in suit to Poux, No. '017?

A. I am familiar with it now.

Q. This patent is stated to relate to a method of making separable fasteners for zippers. Have you read carefully the description of the manner in which those elements are made?

A. Yes, I did.

(Testimony of Philip Lipson.)

Q. Will you describe the method disclosed in the description and drawing of the Poux patent, and from your experience generally in mechanical fields and in the zipper industry will you discuss the various features of that method.

The Court: Now, first of all, do you object to the description heretofore made of the Poux patent by plaintiff's expert?

Mr. Mockabee: I did not mean to give a detailed description of the method. But referring to various steps of the method, will you give your opinion as to their practicability and workability?

What is the first operation performed on the round bar 8, which is the stock material shown in the Poux drawing? [697]

The Witness: In this drawing on Fig. 2, there is a strip and arrangements of tools to perform various operations on the strip, the first one of which is marked 17.

Q. (By Mr. Mockabee): What is that tool for?

A. 17, it isn't shown in detail, but from what I have seen of the position of the strip, this is undoubtedly the punch that forms the recession in the strip.

Q. Do you mean the recess 6?

A. The recess 6 on Fig. 18.

Q. Below the recess 6, on the bar 8 is a projection 5; do you see that? A. Yes.

Q. Can you tell me how that is formed from the disclosure in Poux and what the result would be in following the method as disclosed by Poux?

(Testimony of Philip Lipson.)

A. This particular function of the punch and die forming the recess and the projection, is that what you are asking?

Q. At this moment, yes, just the recess and the projection.

A. Poux does not show at all, to the best of my knowledge, and I looked for it—he does not show on Fig. 2 or in any other drawing the reciprocating punch at the bottom to form the projection.

Q. Is it necessary to have a reciprocating punch at the [698] bottom to form such a projection?

A. It is if you want it in a definite shape.

The Court: Well, we have been going since 9:30. We will take our recess at this time.

(Recess taken.) [699]

The Court: You may proceed.

Q. (By Mr. Mockabee): In forming the recesses and projections on zipper scoops, in the finished product what is the relative depth of the recess and the degree of the projection?

A. The recess is approximately, in volume of metal removed from it and in size, approximately 25 per cent larger than the projection.

Q. Are you speaking of general zipper manufacture or your own particular product?

A. That is correct, general zipper manufacture.

The Court: Will you read that answer?

(Answer read as follows: “A. The recess is approximately, in volume of metal removed from it and in size, approximately 25 per cent larger than the projection.”)

(Testimony of Philip Lipson.)

Q. (By Mr. Mockabee): When you say "metal removed," is metal actually removed from the strip?

A. It is not removed. It is pushed up and the metal is pushed up into the recess of the punch that forms the projection.

Q. In other words metal is displaced rather than removed?

A. Displaced rather than removed, correct.

Q. In your examination of the disclosure in Poux '017 do you have any observations to make with respect to the question previously asked?

A. Yes. In Figure 1-A of the Poux patent '017, the recess is shown with a dotted line.

The Court: 6.

The Witness: 6, correct. The projection is shown in a full line with a little shading on the side to indicate that it is semi-spherical in shape. And that is No. 5.

In this figure it shows approximately the same size of the projection as the recession.

Now, from my experience the heavier the rod the more metal is required to be displaced because in pushing up metal and displacing it the molecules in there are reacted in a way similar to an explosion and that is—it doesn't go vertically upward but it also goes sideways and therefore, for instance, in the strip used by our own method we use a size which is 32 thousandths thick by 120 wide.

Q. (By Mr. Mockabee): Size of what?

(Testimony of Philip Lipson.)

A. Of the metal used.

The Court: Metal strip.

The Witness: Metal strip. In pushing up a projection by displacing the metal of the recession in that thickness it requires 25 per cent more of the metal to be pushed up, to be displaced from the recession and the volume of metal [701] that goes into the projection.

Q. (By Mr. Mockabee): You mentioned thicker.

A. In a heavier rod such——

Q. Just a moment, please. You mentioned thicker strips. Have you actually experimented with strips of different thicknesses?

A. Not in connection with zippers; in connection with other stamping jobs.

Q. Stamping or metal punching?

A. That is correct.

Mr. Leonard Lyon: If your Honor please, it is not quite clear to me. Is the witness to confine his comments in response to the preceding question of the disclosures of the drawing or is he to comment and include in his answer reference to the written specification?

The Court: I can find no objection to the question and the answer. If you want to cross examine him on the specification later on you may.

Mr. Leonard Lyon: I can eventually but I thought he was asked to comment on the specification too in the question.

The Court: Well, even if he didn't it is not a matter for objection.

(Testimony of Philip Lipson.)

Mr. Leonard Lyon: The question is not very clear.

The Court: Do you want to call attention to some part of the specification in Poux at this time?

Mr. Leonard Lyon: What I have in mind, of course, in connection with the formation of the projections, are lines 10 to 12 on column 2 of page 1.

I understood the witness to say there was no showing in the drawing of how the projections were formed.

The Court: Reference is made to a die 10 being provided with a recess 18 to receive the projection.

Q. (By Mr. Mockabee): With regard to that reference by Mr. Lyon, Mr. Lipson, do you note in Figure 2 of the drawing a recess stated to be 18 in the specification by having a lead line which leads to the top face of the block 10? Do you see in the drawing a recess 18?

Mr. Leonard Lyon: I think that question is indefinite. If the witness can include the Figure 6 in his answer I would have no objection.

The Court: Objection overruled. He has been asked about Figure 2.

The Witness: Shall I answer the question, your Honor?

The Court: Yes.

The Witness: In the drawing Figure 2, what is indicated as 18, is the die to receive the metal displaced or it is the reciprocating part to No. 19 which forms the keyhole but not to form the recess.

(Testimony of Philip Lipson.)

The recess in the discription on page 1, column 2, I believe it was lines 10 to 12—— [703]

Mr. Leonard Lyon: That is right.

The Court: 10 to 13.

The Witness: 10 to 13. It shows an opposite side of the rod a projection 5 is formed, the die 10 being provided with a recess 18. But in the drawing the recess 18 is opposite—that is underneath the keyhole punch 19 and not underneath the recess punch 17.

Q. (By Mr. Mockabee): Well, Mr. Lipson, the numeral 18 is located there but its lead line extends to a point before the keyhole slot 19a to a surface of the member 10 on the top side thereof? Do you see that? A. The keyhole slot has a——

Q. No, please.

The Court: We are wasting a lot of time on this. This is a matter which the court can look at and read and I don't think you are going to assist me very much with it.

Q. (By Mr. Mockabee): Is in Figure 2 there shown a semi-circular or hemispherical, rather, recess 18? A. Yes.

Q. Where?

A. In Figure 2 there is also a pointer to 19a.

Q. No, Mr. Lipson, I am afraid you are confusing the question.

The keyhole slot—I think you are confusing the keyhole slot with what is referred to as the recess 18. Do you see [704] the lead line extending from the numeral? A. Yes.

(Testimony of Philip Lipson.)

Q. Does that lead to a hemispherical recess?

A. No.

Q. In your experience with machine tools and punches, particularly, if you with a punch create a recess on one side of a piece of metal stock, approximately the thickness such as that used in making zippers, will a projection of an equal size be formed on the opposite side of that piece of stock? A. No. [705]

The Court: I notice in Poux '017—this is a small matter—but the die 17 which comes down and makes the recess is so constituted that the recess is made in the upper portion of the stock of the rod going through, and the projection comes out the bottom side. Of course after that projection was made on the bottom, whatever kind it was, there would have to be a channel in the base to let that projection move along, or your rod wouldn't be fitting level on the base when your cut-offs and other punches came down on the next operation, is that right?

The Witness: There is one, your Honor.

The Court: A recess?

The Witness: Yes, a channel. This holds the rod here, this part here, and then there is a recessed channel here in which this travels.

The Court: I see.

Well, that wouldn't give you as good a base for your rod as when the operation is reversed as in Silberman and your structure, where the recess is

(Testimony of Philip Lipson.)

made underneath the sheet and projects above, where it is not in the way, is that right?

The Witness: Correct.

The Court: However, a skillful mechanic would be able to reverse a male and female die, wouldn't he, without any trouble?

The Witness: But it involves reversing the whole [706] apparatus. Other functional things have to be changed, too.

Q. (By Mr. Mockabee): Referring to the key-hole slot indicated at 20 in the bar 8, immediately to the right of the recess 6——

The Court: Fig. 2?

Mr. Mockabee: In Fig. 2 of the Poux patent.

Q. ——can you describe how that is formed, by what means that is formed?

A. The punch 19 is shaped in the form of a key-hole slot.

The Court: We are wasting time. This is all covered. It has been covered by testimony. And in addition the court can see what happens.

If you have something new or different, all right; but I don't see that there is any sense in just a repetition of how this operates. If you want him to criticize the operation, or something, all right.

Mr. Mockabee: My next question was directed to that, your Honor.

The Court: You can ask leading questions to cover some of this.

Q. (By Mr. Mockabee): In the formation of

(Testimony of Philip Lipson.)

the key-hole slot, will the sides of the bar 8 remain parallel? A. No.

Q. What occurs? [707]

A. The displacement of the metal that is necessary will not only have a downward vertical movement, but it will also affect the sides, in other words the molecules are shocked and spread toward the sides, as well as downward, and the metal, unless it is held firmly by something on the sides, will expand sideways.

Q. Will that be reflected in a difference in the outside shape of the element? A. Definitely.

Q. Creating a bulge? .

A. Creating a bulge.

The Court: To a lesser degree does that same kind of a bulge occur with the strip metal of the size that you use.

The Witness: Yes, it does.

The Court: But to a much lesser degree?

The Witness: To a much lesser degree. We figure on a longitudinal expansion, in figuring out the movement of the metal forward, we expect that the final stage will have 55/1000 length of the movement between one and the next movement. Our movement is actually only $53\frac{1}{2}$ thousandths, because we anticipate the longitudinal expansion of $11\frac{1}{2}$ thousandths by the impression of the punch. We do not punch a key-hole slot.

The Court: I know.

The Witness: By the impression alone we do also [708] experiment——

(Testimony of Philip Lipson.)

The Court: "Expect" you mean, instead of "experiment"?

The Witness: Yes, we expect an expansion sideways of 5 to 6 thousandths and in our work we have found it to be that way.

Q. (By Mr. Mockabee): As the——

The Court: How much longitudinally?

The Witness: $1\frac{1}{2}$ thousandths.

The Court: All right.

The Witness: If I may remark, your Honor, that depends on the hardness of the stock used. In softer stock it expands more, and in harder stock it expands less.

Q. (By Mr. Mockabee): You will note in Fig. 2 of Poux that side notches are formed by the punches 21, as has previously been described in other testimony? A. Yes, I do.

Q. Those notches are shown opposite the forward or smaller end of the key-hole slot 20, is that not true? A. That is correct.

Q. What happens to the key-hole slot 20 when the cutter 23—— A. 21.

Q. (Continuing) ——23 severs the end element from the bar?

The Court: It is cutter 21, isn't it? [709]

The Witness: You asked me about the key-hole—the notching. That is 21. The cutter 23——

Q. (By Mr. Mockabee): I said after the notching has been performed by the cutters 21, the stock is then moved forward one step, is that not true?

A. That is correct.

(Testimony of Philip Lipson.)

Q. Showing the notches opposite the forward ends of the key-hole slot 20, is that true?

A. That is correct.

Q. When the cutter 23 moves laterally into engagement with the bar to sever the end element, what happens to the key-hole slot 20?

A. Will you please clarify the question? It is not clear to me. What has the notching to do—

Q. The notching has been done.

The Court: Read the question. I think it is pretty clear if you will follow it closely. His first question was not. The second one is. He is talking now about the lateral cut-off.

Read it again, Mr. Reporter.

(Question read by the reporter as follows:

“Q. When the cutter 23 moves laterally into engagement with the bar to sever the end element, what happens to the key-hole slot 20?”)

The Witness: The metal being pushed with cutter 23 [710] against the reciprocating part there, which is an anvil, I don't see the marking on that anvil—or is there a marking?

Q. (By Mr. Mockabee): That is marked 25.

A. That stock will be squeezing the key-hole. There is nothing in that to prevent it from being squeezed. You are pushing the stock against an anvil.

Q. Will the key-hole aperture tend to collapse?

A. To collapse.

Q. When the cutter 23 is operated, is there any

(Testimony of Philip Lipson.)

movement of the end element during the cutting operation?

A. The back part of it, which is being severed, will move in the same direction as the cutter 23 does, and it will swing around until it is severed from the stock. It will have not only a swinging motion, but when the space between is cut approximately two-thirds, the balance of one-third, the metal tears off; in other words, you have a cutting function and it comes to a point where the metal tears apart, and then there is also a movement away from the two separate parts.

Q. Do you mean longitudinally of the bar?

A. Longitudinally.

Q. And of the end element?

A. The bar being held rigidly then can't move back, therefore the forward part will be moved against the cord and it may sever the cord.

The Court: You are a pretty good mechanic, aren't you? You wouldn't have any trouble in putting another unit or gadget or device on there to hold that unit firmly in position while the cutting took place, would you?

The Witness: You couldn't hold it.

The Court: Why not?

The Witness: Because the mere formation of it, if I may explain to your Honor the way we are operating, there is a stripper punch that we call it, a punch, and when the metal is cut, and that is flat metal which doesn't take much in cutting, as much as square rod, when it is cut down there is

(Testimony of Philip Lipson.)

a bending movement downward. The forward scoop that is being attached is stationary. It is the back part that is moved downward, and it has room to expand. In this operation here the forward member is the one that is being moved.

The Court: All right. But couldn't you as a mechanic take this patent and put a device in to hold that forward member solidly in position while the cutting took place?

The Witness: Your Honor, in going through this patent and the figure and the method of operation, I have found that the sequence of operations—it has a sound theory, but what one would have to do, just like I stated before, in order to build a good apparatus, is junk the one that is shown and build from scratch.

The Court: What I am getting at is this. When you studied this patent it would become immediately apparent that [712] something like this would have to be done, wouldn't it?

The Witness: In this particular position.

The Court: That is right. Regardless of what else would have to be done, couldn't you call a mechanic in and tell him to construct—show him how to construct a device that would hold that unit firmly in place while the cutting went on?

The Witness: The while procedure would have to be changed then. The way this is shown, taking just the last operation of severing and closing the jaws, you couldn't do it, unless the whole procedure was reversed.

(Testimony of Philip Lipson.)

The Court: I am not much of a mechanic, but the cutting element 23 moves there laterally, is that right?

The Witness: Yes.

The Court: Is there any reason why some sort of a jaw couldn't be inserted in between the cutting element 23 and the jaw that is shown, 28, that would move forward ahead of the cutting tool 23 from either side by some cam action, and grasp that unit from either side before the cutting 23 or or the jaw clamping shown there by 28 action took place?

The Witness: May I answer that?

The Court: Yes.

The Witness: If this was a movement, a cutting that was in the form of a chisel where a sharp edge goes in, then that could be held from moving sideways, but in that case it would [713] move to a much greater extent longitudinally. Whenever an element is severed in this type, one piece has to move. I was thinking when I was looking at this method here, supposing we reversed the issue and had the cutting done ahead of this here, and keep the anvil against the forward movement, but in that case we would have to provide a means for bending this stock, and in a bar or a square rod there would be no possibility of doing that. [714]

Q. (By Mr. Mockabee): You base your observation with regard to the use of a bar or square rod on the fact that the height and width are the same? A. Yes.

(Testimony of Philip Lipson.)

Q. And that a certain height or the height in a zipper element and the width with regard to the stock is considered different? A. Yes.

Q. Basing your answer on the dimensions of standard zippers which I believe are rather uniform, are they not, in the trade?

A. Yes, they are.

Q. In measurement. Is the relative size of a round bar or a square rod such that it would or would not be possible to produce the flexing or bending during the cutting operation which you state you use in your machines?

A. It would not be possible to use it.

I have a—if your Honor wants me to illustrate more, I have a die block which we use in our operation by which I may illustrate to your Honor what I mean by the bending operation when it is done in the matter in which is practiced now in all the zipper production, and that is that the forward member is stationary.

The Court: By forward member you mean the unit being attached? [715]

The Witness: Being attached is stationary. It is the back part of the rod that is being cut.

The Court: And it is allowed to move?

The Witness: It is allowed to move. It moves downward.

The Court: I understand that.

The Witness: In the die.

The Court: Yes.

Q. (By Mr. Mockabee): In your opinion, from

(Testimony of Philip Lipson.)

your mechanical knowledge and particularly your knowledge of the zipper industry, are there any other defects in the method of operation disclosed in the Poux patent referred to?

A. My method was very ably illustrated by his Honor here. No. 1, when you form a recess—a projection into a pocket and the pocket holds that projection how are you going to move the rod forward unless you lift it over the pocket, which is not shown in this method.

Now, No. 2, when you perform the other operations on this bar such as the notching the keyhole cutting what is holding the bar underneath except the projections which are based on the bottom of the, which between one projection and the other form a bridge.

Now, if you were to bounce downward a punch on a bridge there the bridge would collapse in the middle. Therefore, that bar will bend downward and it will deform the projections on which it rests and it will also bend the bar. [716]

Q. Would that result in a deformed element?

A. It would result in an apparatus which couldn't work. It would not bring the stock forward.

Q. I am not speaking of an apparatus. I am speaking of an element formed from a downwardly bent rod of stock.

A. I would say that if you could manage to bring it as far forward as to clamp it on it would be a deformed element.

(Testimony of Philip Lipson.)

The Court: All you would have to do would be to change the male and female dies to get around that, wouldn't you?

The Witness: In order to do so—in order to do that sometimes a whole change of the entire method is needed in order to accomplish that. What is done in one little preceeding operation affects all of the forward operations of that bar and therefore—I haven't gone into that, but it is quite a problem. And naturally in order to overcome this one would have to reverse the thing and put the thing on the top. That would be the first thought that comes in, but then other operations which are being performed on this rod later will be affected by this change.

Q. (By Mr. Mockabee): From your experience and from what is shown and described in the Poux patent '017, could you from that teaching follow the steps of the method shown and produce zipper elements which would function?

A. I would have to qualify this answer. From [717] the description that I read inside, which I called a theory, a skilled mechanic in the art of building machines could build a machine based on that theory.

Q. I am not speaking of a machine, Mr. Lipson. I am speaking of following the operations on the stock of the rod as described and taught by Poux, and you follow the method taught by him could you produce successfully zipper elements?

A. No.

No. 15714

United States
Court of Appeals
for the Ninth Circuit

TALON, INC.,

Appellant,

VS.

UNION SLIDE FASTENER, INC.,

Appellee.

UNION SLIDE FASTENER, INC.,

Appellant,

VS.

TALON, INC.,

Appellee.

Transcript of Record

In Five Volumes

VOLUME III.

(Pages 801 to 1224, inclusive)

Appeal from the United States District Court for the
Southern District of California,
Central Division

FILED

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PAUL P. O'BRIEN, CLERK



No. 15714

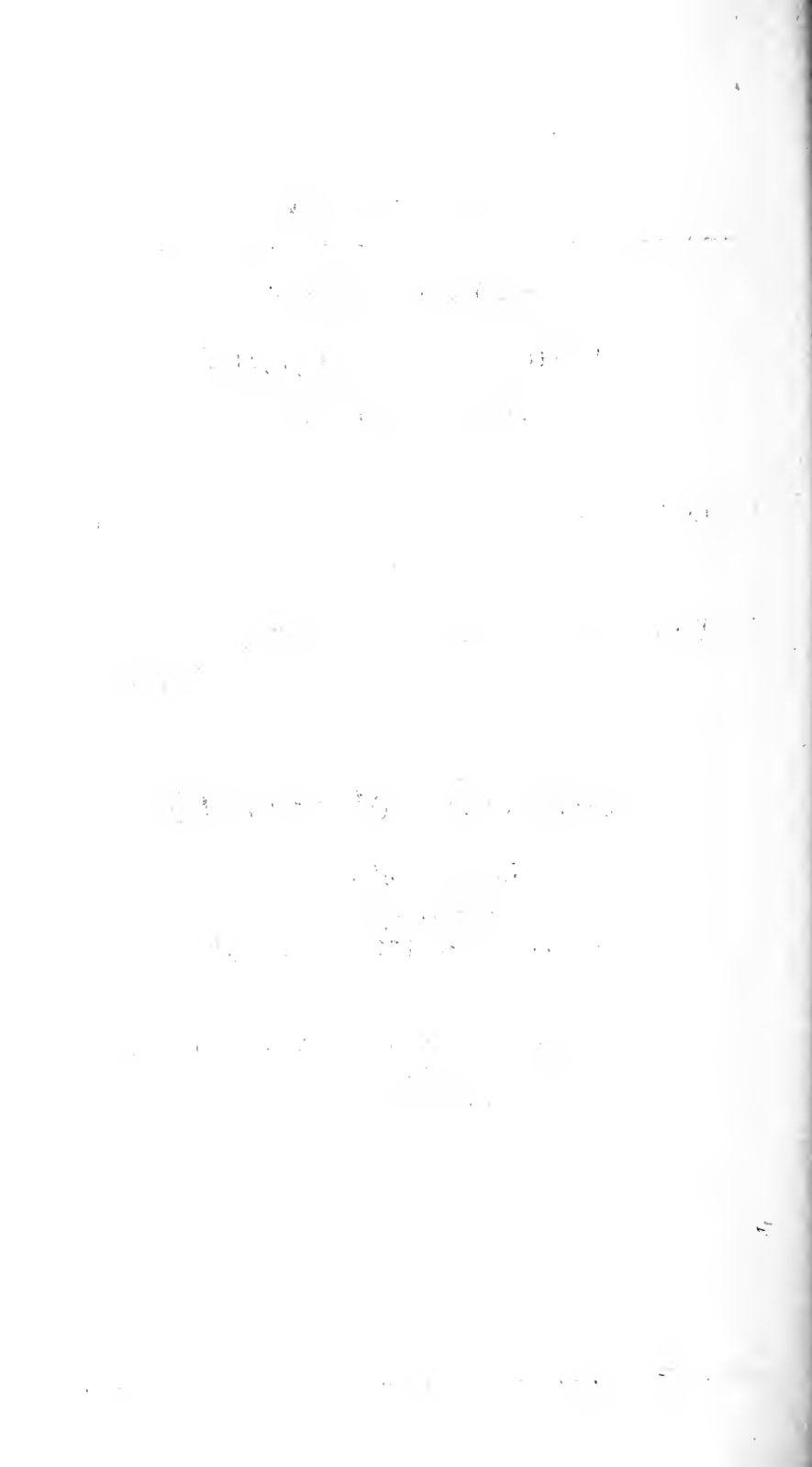
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Central Division



(Testimony of Philip Lipson.)

Q. I believe that you have before you a copy of the Silberman patent in suit '793?

A. I do.

Q. This patent relates to a machine for manufacturing zipper elements. Have you read this patent?

A. I will admit that I have read this patent but not recently, the description inside.

Q. Are you familiar with the drawings in the patent?

A. I am familiar with the drawings, the description—pardon me, your Honor, I would say it is rather boring because for a layman it keeps on repeating the same thing.

The Court: We won't mention the claims in the patent.

The Witness: Okay.

The Court: By the way, does your record show what your capacity is with the Union Slide Company? Are you now the president?

The Witness: Yes, your Honor. [718]

The Court: And a major stockholder in the company?

The Witness: Yes, your Honor. Not the major stockholder. I hold 40 per cent of the stock.

The Court: 40 per cent?

The Witness: Yes, sir.

The Court: And the balance of the stock is held by members of your family or relatives?

The Witness: Members of the family.

The Court: Entirely? Is it a family corporation?

(Testimony of Philip Lipson.)

The Witness: There is a preferred stock which is held by outsiders—that is some are relatives and some are friends.

The Court: But you are the president?

The Witness: Yes, your Honor.

The Court: All right.

Q. (By Mr. Mockabee): Do you understand that the machine shown in the Silberman patent is intended for the manufacture of zipper elements from a strip of flat stock upon which operations are performed to form individual elements which are fed to and clamped upon a tape approximately at the time of severing the end element from the strip? A. Yes.

Q. That is the general operation of the machine? A. That is correct.

Q. Have you ever seen any similar types of [719] machines as compared to that shown in the Silberman patent?

A. Similar in function or in general design?

Q. In its mechanical, functional elements to produce the operations I have previously outlined?

A. Yes.

Q. Where have you seen them?

A. I have seen it at the California Slide Fastener Company.

Q. Were the machines at California Slide Fastener Company, insofar as its essential operating parts are concerned, built like the elements shown in the Silberman patent?

A. The answer I gave before—the California

(Testimony of Philip Lipson.)

Slide Fastener had besides the Silberman type machines, also another type of machine which functionally was the same as the Silberman, but it didn't perform identically in that it did not have two stringers produced. It was what we call a single-header machine. But functionally it operated the same as the Silberman type machine.

Q. What type of fastener element did, what you would term the Silberman type of machine, produce?

A. A round shoulder element.

Q. Can you explain the difference between a round shoulder element and the other kind of fastener element?

A. The round shoulder element from the widest part, which is about at the middle of the element, it tapers [720] downward in an arc shape toward a point where it joins the tape, the end of it. I believe I have——

Q. Now, you are speaking of the end of the element, the legs? The element is roughly "U"-shaped. You mean the closed end or the open end?

A. When the element is closed on the tape.

The Court: Well, draw us a picture of it. There is a round shoulder element and what is the other kind?

The Witness: A square shoulder element.

The Court: Draw a picture of each of them.

The Witness: It is shown in the sketch I presented a moment ago, your Honor.

The closed part of it is shown in dotted lines

(Testimony of Philip Lipson.)

underneath and the other one is shown at the top.

The Court: You are referring now to Exhibit AW?

The Witness: Yes. And this is when the round-shouldered element is closed. The semi-dotted lines present the final shape of the element after it is closed and in this one it is a square.

The round-shouldered one is also shown in Silberman—in the patent itself.

The Court: Just a minute. The dotted lines on the Loew zipper show that the shoulder is adjacent to the legs that close around the element, are square in shape?

The Witness: That is correct. [721]

The Court: While your diagram of the Silberman zipper shows a rounded area in that portion. Is that what you have in mind by round shoulders and square shoulders?

The Witness: Yes, sir.

The Court: And you say the Loew machine would make a square shoulder?

The Witness: That is right.

The Court: Do you contend you make a square shoulder zipper at your place?

The Witness: Yes, your Honor. This is one of them.

The Court: Is this one of yours?

The Witness: No, this is a Silberman type made on the machine used by California Slide Fastener.

(Handing object to the court.)

Q. (By Mr. Mockabee): I believe the blueprint,

(Testimony of Philip Lipson.)

Exhibit AV, shows in dotted lines the square shoulder element such as produced by the defendant in its closed position.

The Court: Yes, I noticed that.

The Witness: And the other exhibit, too.

The Court: Yes, I noticed that.

Q. (By Mr. Mockabee): Is there any difference in the advantage of one shape of element over the other? A. Yes, there is.

Q. Would you explain that?

A. The square shoulder in this zipper that I am holding [722] now, forms a guide for the slider as it goes down so it cannot move sideways. It cannot distort the zipper.

In the round-shouldered element there is no such guide except the fact that the slider is tight on the zipper.

In other words, if one was to turn the slider sideways and move it up and down fast you would distort the zipper.

Q. When you speak of turning the slider sideways do you mean people actuating sliders don't always move them truly vertically, is that right?

A. Yes.

The Court: Wouldn't it be merely a matter of the shape of the slider? In other words, I am holding now a zipper element here or a zipper where the inside of the slide fastener is sort of round shape to go over the round shoulder?

The Witness: That is correct.

The Court: And I am holding one here where

(Testimony of Philip Lipson.)

the inside is more square shaped to go over the square shoulder. Isn't it merely a matter of the shape of the slider that is used with the zipper?

The Witness: The only difference, your Honor, is they have to use a round shoulder—a rounded shape instead of the slider. However, in this slider there isn't anything to hold it sideways except that the slider has to be tight.

The Court: In other words, your point is that where there are square shoulders the slider can fit?

The Witness: It holds it much better.

The Court: I see.

The Witness: That is only one reason. There are other points too in the difference.

Q. (By Mr. Mockabee): Would you name them?

The Court: You had better mark these, Mr. Clerk. The black one is a square shoulder zipper and the other is a round shoulder zipper. Mark them for identification.

The Clerk: Defendant's AX and AY for identification.

(The objects referred to were marked Defendant's Exhibits AX and AY for identification.)

The Court: I have an engagement and it will be necessary to leave a little early.

We will adjourn now until 2:00 o'clock.

(Whereupon, at 11:45 o'clock a.m. a recess was had until 2:00 o'clock p.m. of the same day.) [724]

March 9, 1955, 2:00 O'Clock P.M.

PHILIP LIPSON

the witness on the stand at the time of recess, having been heretofore duly sworn, was examined and testified further as follows:

The Court: The clerk has marked for identification AX, the zipper which the witness characterized as a square shouldered zipper fastener, zipper unit. And I understand you to say that it was made by your company?

The Witness: Yes, sir.

The Court: It will be received as AX in evidence.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit AX.)

The Court: The clerk has also marked as AY an example of so-called round shouldered zipper.

The Witness: Yes.

The Court: Do you know what company made this?

The Witness: California Slide Fastener Company.

The Court: Received in evidence as AY.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit AY.)

The Court: Proceed. [725]

Direct Examination—(Resumed)

Q. (By Mr. Mockabee): Mr. Lipson, I would like to refer back to the discussion of the projection and recess in the Poux patent.

What in your opinion would be the result if that

(Testimony of Philip Lipson.)

particular step of the Poux method were reversed with regard to the projection and the recess?

A. I looked at the Poux patent '017 during lunch hour to analyze whether it could be done or not, and I found this: If a punch—it may be called a die, because it is at the lower portion—which forms the recessions in the rod is employed at the bottom, the method shown here does not provide a means or a way of lifting that rod over that projection in the punch in order to move it forward. It would have to be a projection that is at a much lower point, that is considerably lower, than the bed over which the rod slides. Therefore, means have to be built to bring that rod downward in order to make that impression for the recession in the rod. And in employing a rod which does not bend easily, that couldn't be done. And the method or principle shown in this drawing and in the patent does not provide for any such operation.

Q. Regarding the side notching mechanism, what would be the effect if it were attempted in the manner taught by the Poux method?

A. Notching punches on the sides, if the rod [726] between the two notching punches was solid, there would be no problem, but as shown at Fig. 2 of the Poux patent '017, the rod has been punched out there with the key-hole slot, therefore you do not have a solid rod there, and the effect would be that the punches and notching in their downward movement would also tend to squeeze the key-hole slot together, and if the rod isn't solid

(Testimony of Philip Lipson.)

and has a certain way of giving, it would cause chattering of the punches, what we call it in punch method operation, it would cause chattering of the punches, because they will not engage a solid piece of metal, but a metal that can give. [727]

Q. Now, I believe you testified this morning regarding the collapsing of the keyhole slot by the cutter 23 when the cutter is being actuated.

Would this collapsing force be uniform from opposite sides of the rod or not?

A. Normally not.

Q. What would be the effect?

A. The effect would be that the side which is being moved the most and which is the part facing us as we look at the drawing——

Q. The part which is contacted by the movable cutter?

A. That is right. Well, the movable cutter does not contact the part which is notched. It contacts the rod immediately after that. But the effect is transferred into the part that is held against the anvil and the effect would be that that particular half of the rod between this, the front end and the keyhole would collapse more and turn more than the other side.

Q. Would that displace the keyhole transversely of the rod? A. Yes.

Q. What effect would that have upon the operation of the spreader tool 27?

A. The spreader tool being in a fixed position in its vertical movement up and down, would invari-

(Testimony of Philip Lipson.)

ably—I am not [728] saying often, but would invariably hit on the solid part instead of one the keyhole slot, on the solid part of the rod and distort it.

Q. I refer you to the blueprint Exhibit AV which shows a strip such as produced in your machines and also the patent to Loew——

A. I haven't got the Loew patent here.

Q. In the patent to Loew you will note a series of points at the end of the strip formed by the notching procedure.

On the blueprint Exhibit AV you will note that the portions of the strip between adjacent notches do not come to a point at the edge. Is there any reason for this difference?

A. Yes. The reason for it is in using a metal which comes to a point, when that metal is later squeezed together the ends come to a sharp point and they form a very sharp zipper edge which sometimes the person who uses it on a dress can scratch her fingers with it.

In 1949—shortly after I disassociated myself with Loew, which was March 21, 1949, I ordered metal which was ten thousandths narrower than the one before and have made certain changes in the machine whereby I was getting a little bevel on the edge, as shown on this drawing AV, a little bevel over here. [729]

Now, this gave me a much smoother zipper and at the same time I saved seven and a half per cent on the metal consumption in making zippers.

(Testimony of Philip Lipson.)

If I may state so, or would that be out of order, that this procedure was later followed by other manufacturers in the zipper industry.

Some of them use today not quite as narrow a metal as we do but they all went to the point of having a bevel on the edge.

Q. In other words, you not only saved the amount represented by the, what we might term the cut-off point, but an equal width of metal at the outside of the notch, is that not true?

A. The only metal that is saved is on the whole width of the wire. Instead of using wire which was 130/1,000ths wide we are using wire that is 120/1,000ths wide and we are getting the same dimension on the zipper.

The only difference is that we have a little bevel which we wanted to get on the bottom of the element.

In this drawing, AV, this bevel is shown rather large it may seem, but this drawing is blown up 50 times the size of the element.

The Court: Put an arrow at the place of the bevel and *right* on your Exhibit AV the word "bevel."

The Witness: Yes, your Honor. At this point there is [730] not a bevel yet. That is part of the strip.

Mr. Leonard Lyon: That forms the bevel.

The Witness: Yes, sir, that forms the bevel.

The Court: Well then, put an arrow and say "will become the bevel."

(Testimony of Philip Lipson.)

The Witness: Well, I can put it in here. It is the same thing. I will point it down this way.

The Court: All right, "will become the bevel."

Now, in the operation of your machines do the jaws contact the legs at this point, which we will mark with an X—put an X right there on Exhibit AV. Do they contact the legs, the jaws contact the legs at that point much as in the same machines in which you show the Loew jaws—the jaws of the Loew patent contacting the edges in Exhibit AW?

The Witness: The contact point is at this point here where it is flat. [731]

The Court: All right. Put "Y" down here now. I was wrong in that "X." That is the completed position.

The Witness: Yes, sir, that is the completed position.

The Court: The jaws contact right where the bevel is?

The Witness: Yes.

The Court: Which on Exhibit AW would correspond to the point immediately touching the closing jaw?

The Witness: It would be a little nearer, because I drew this here according to the Loew patent. The Loew patent shows a sharp edge.

Q. (By Mr. Mockabee): In your previous reference to examination of machines of California Slide Fastener Company, what was the reason for your examination of those machines?

(Testimony of Philip Lipson.)

A. The California Slide Fastener was organized originally by two men who were not mechanics.

Mr. Leonard Lyon: Well, I don't believe there has been any foundation for this. Maybe there is a foundation, but it doesn't appear in the record.

The Court: It doesn't sound to me to be in response to the question.

Why did you go over and examine the California machines?

The Witness: They called me for assistance and advice, because they didn't understand the machines.

The Court: There is your answer.

Q. (By Mr. Mockabee): Were the machines working at all? [732]

A. They were. They called me on a number of occasions asking my advice. They used to put the punches and dies in, and in five minutes they would be dull. And the products that they manufactured were not very desirable on the market, from my own experience I know that, and they called me in for advice. They had an engineer who was present at the time when I gave them the advice. I examined their punches and dies, and I showed them that they were made wrong. In a punch——

The Court: You have answered the question. Let's go on to something else.

Q. (By Mr. Mockabee): Was not California Slide Fastener a successor to Cap-Tin?

Mr. Leonard Lyon: Does the witness know that of his own knowledge?

(Testimony of Philip Lipson.)

The Witness: I do.

Q. (By Mr. Mockabee): Do you know those interested in Cap-Tin?

The Court: The witness said he knew of his own knowledge, but what is the answer? Was California a successor to Cap-Tin Company?

The Witness: Yes, your Honor.

The Court: Now read the next question.

(The question referred to was read by the reporter, as follows: "Q. Do you know those interested in Cap-Tin?") [733]

The Witness: I would have to state that this was brought out at the time when the deposition was taken by plaintiff's attorney, the deposition of me, and they brought the point out at that time, they asked me the question, did I know that Cap-Tin was the predecessor of California Slide Fastener.

The Court: What did you say?

The Witness: I said at that time that I didn't know.

The Court: How do you know now?

The Witness: They told me so.

The Court: Well, they didn't tell you by asking you a question.

The Witness: They stated later on that that was the case.

The Court: Is there any dispute about this fact?

Mr. Leonard Lyon: I don't think so, your Honor, as to the fact, the California Slide Fastener Com-

(Testimony of Philip Lipson.)

pany is the Cap-Tin Company, as I understand it, under a change of name.

Is that correct?

The Court: You can confer together off the record.

Mr. Leonard Lyon: There was a subsidiary or a division of the Cap-Tin Company that was organized to operate in California under the California Zipper Company name, so Mr. Meech informs me.

The Court: If that is a fact, then there is no problem here, is there? [734]

Mr. Leonard Lyon: That is correct. I couldn't understand the witness' testimony that he knew these facts, because on his deposition we asked him and he didn't know it.

The Court: He explained that.

The Witness: I didn't know it before then.

The Court: Now we still have a pending question. Do you know who were interested in Cap-Tin Company, or the subsidiary which became California?

The Witness: The only three that I knew of were Mr. Tobah, I forgot his first name, Mr. Eisenberg, and Mr. Louis Staff.

Q. (By Mr. Mockabee): When you first observed the machines of California Slide Fastener Company, and from your experience in observing the operation of zipper manufacturing machinery, what was the approximate speed of those machines?

A. From observation, and I wasn't given a chance to measure it or see exactly, but from ob-

(Testimony of Philip Lipson.)

serving just the speed of the rotation of the machine, I would judge it was between 1,000 and 1,200 r.p.m.

Q. As a result of the request of California to observe their machines, did you actually suggest any changes or improvements in them?

A. Yes, I did.

Q. Were they followed out?

A. They were. [735]

Q. After——

The Court: Does the record identify what the California machines were, what style machines?

Mr. Mockabee: I believe the witness testified this morning regarding their general functional elements as being similar to the type of machine we have been calling the Silberman machine.

The Court: Oh, yes, I recall.

Q. (By Mr. Mockabee): After these changes and improvements were incorporated in California Slide Fastener machines, could you observe any difference in the speed of operation?

A. I personally didn't observe it. I could only state what I was told, and I understand that that is hearsay.

Mr. Leonard Lyon: I don't think on a matter of this kind we should have a statement out of court of somebody else, your Honor.

The Court: That is just what the witness said. Keep your voice up. I can hear you here. I will get further away from you. But counsel can't hear you.

(Testimony of Philip Lipson.)

Read the answer, Mr. Reporter.

(Answer read by the reporter.)

Mr. Leonard Lyon: His understanding is the same as mine.

Q. (By Mr. Mockabee): Then you did not see the machines in operation after they were improved? [736] A. No.

Q. Were you paid anything by California Slide Fastener for giving them the suggestions that you did?

A. No. I just felt that they are friendly competitors, we exchanged favors in many ways, and I felt that it is a matter of live and let live, and I was glad to help them out, although some of my key employees thought I was a foolish businessman.

The Court: Of course the purpose of that testimony is to make the witness and the president of the Union Slide Company appear as a Sir Galahad who travels around fixing competitors' machines, is that the purpose of the testimony?

Mr. Mockabee: No. The purpose was that he was not selling his information as part of his business.

The Court: All right.

It would also have a bearing upon his ability as a mechanic and tool maker.

Mr. Mockabee: He was consulted by the trade.

The Court: Go ahead.

Mr. Leonard Lyon: I wonder if we are entitled to draw the inference, from the testimony, that the

(Testimony of Philip Lipson.)

information was worth just what was paid for it?

Mr. Mockabee: That was only one question.

The Court: We are off in the field of speculation now.

Mr. Mockabee: I think we will have to consider more than [737] that one question by itself.

If the court please, the defendant witness feels that he can much better discuss some features of the Silberman machine if he were in the presence of the machine in Judge Hall's court room, and the witness also wishes to identify the machine of Union Slide Fastener Company.

The Court: How near the end of his testimony are you?

Mr. Mockabee: I have got two or three other major things to bring out. [738]

The Court: Well, the point is do you want to do it now or toward the end of his testimony?

Mr. Mockabee: We could jump off to something else at this point and jump back again.

The Court: Well, then let us adjourn over to the machines in Judge Hall's court.

However, the reporter will have to be there and we will have to get some kind of orderly basis for a place where the reporter can work and where he can hear what is being said, unless we are going to take the machine further apart and identify the parts that you are talking about for the record.

Unless you want to tag some more parts we will adjourn over to Judge Hall's courtroom and proceed with that part of the testimony. What will we

(Testimony of Philip Lipson.)

need? A copy of the Silberman patent? Is that all?

Mr. Mockabee: I think we should also have a copy of the Poux patent.

The Court: What about Exhibits AV and AU? Will they be necessary?

Mr. Mockabee: There may be some reference made to them.

The Court: Let the record show we are now in Judge Hall's courtroom where three different machines have been placed. You may proceed.

Q. (By Mr. Mockabee): Mr. Lipson, I will ask you if you can identify the machine, Plaintiff's Exhibit 5? [739] A. Yes.

Q. What type of machine is it?

A. It is a double-header chain production machine, zipper chain production machine.

Q. Is that a machine similar to the type which you observed and added improvements to at California Slide Fastener Company?

A. Only as far as the functional parts are concerned—that is in producing a zipper element. Otherwise there is very little similarity between them.

The Court: You mean by functional parts, the parts concerning the punching and where the fastening occurs are similar while the rest of the machine is dissimilar?

The Witness: That is right.

Q. (By Mr. Mockabee): What about the ram and ram block?

A. There is no ram or no ram block.

The Court: Where?

(Testimony of Philip Lipson.)

The Witness: In this machine. This is a punch holder of a little more weight, but there is no ram or gib. The gib is the bed in which the accused machine—the gib is this part here with these two “V”-shaped seats here and the ram block slides in this seat up and down.

Exhibit No. 5 does not have that. It has neither gib nor the “V”-shaped parts in the ram block. It has a heavier and larger size punch holder block.

Q. (By Mr. Mockabee): How is that supported?

A. It is supported by means of flex-steel bars. I believe that is the name which was given to me by one of the experts for plaintiff.

It is called flex-steel bars. These two hold that in a position where it swings on an axis. This is the fulcrum of the axis and this is on which it swings in an arc. It does not swing straight up and down. It is true that it is a very small arc but nevertheless it is an arc.

Q. And a ram and ram block move in a truly vertical direction? A. Yes.

The Court: I thought you said they moved in an arc.

The Witness: This does move in an arc.

The Court: And that is the ram block?

The Witness: This is a punch holder block and the ram block has to move in a gib in a vertical position, either up or down or it can move at an angle or for that matter even in a horizontal position but it moves in a fixed bed or straight line.

Q. (By Mr. Mockabee): A ram block moves in

(Testimony of Philip Lipson.)

a direct linear direction whereas the element in Exhibit 5 which supports the punches, according to your testimony, moves actually in an arc, is that true? A. That is correct. [741]

Q. Are there any other features of the machine which are different from those you observed on machines at California Slide Fastener?

A. The shaft, the main eccentric shaft underneath does not run in a bed of oil. It is an eccentric shaft as is used on an ordinary press except that it is situated underneath the bed or base instead of above the base as it is shown in a similar machine there.

The Court: By "the similar machine" you mean the accused device?

The Witness: Not the accused device but that is a typical eccentric press of a small size.

The Court: Referring now to a third machine you moved in here.

The Witness: Yes, your Honor, in this machine.

The Court: And by "this machine" you mean the accused device?

The Witness: The accused machine. The eccentric shaft is within the housing, main housing of the machine and runs in a bath of oil.

The connecting rods in this machine are connected inside of the housing of the machine.

In this machine, Exhibit 5, the connecting rods are not in a housing and these connecting rods serve a different purpose than these others. [742]

(Testimony of Philip Lipson.)

The Court: You are talking about the connecting rods in Exhibit 5?

The Witness: Yes, in Exhibit 5. This in moving the punch holder block up and down also acts as a stabilizing factor so it will not move forward.

And I want to point out at that time I did not have a chance to observe this machine thoroughly—only from just glancing at it. And I may make certain mistakes in pointing out details of this machine.

I have just noticed that the bars underneath which seem to me may act to prevent the arc movement that I was talking about.

It is really hard to give testimony on a machine that one has observed for five minutes or six minutes or whatever it took to run it.

You can state better on the machine if you have hours to take it apart and see it function.

Q. (By Mr. Mockabee): Well, Mr. Lipson, would you say that a machine constructed in accordance with Exhibit 5 and having the flex bars you refer to, without considering any question of the true direction of movement of the punches carried by the punch block, would be capable of operating at a greater speed than a machine provided with a ram block guided in gibs?

A. In my opinion, yes, it would be. One could [743] operate it much faster than the other one.

Q. Do you notice anything on Exhibit 5 for removing waste material from adjacent the punches?

A. Yes.

(Testimony of Philip Lipson.)

Q. What is it?

A. There are two square holes here—this hole and here. This is at one die and undoubtedly the same thing is at the other die which we haven't taken apart.

These fit in with corresponding slots in the die housing. When the die housing is inserted they are right opposite the holes in the die housing—the holes in the die housing are opposite the holes in here.

Q. What is the function of those square holes or apertures?

A. The function of the square holes—they are normally connected with the channel that leads downward which is connected in this particular case, in Plaintiff's Exhibit 5, they are connected with copper tubing which in turn is connected with a jar and to this jar is connected a vacuum pump. There is a connection in the back here. There is a vacuum pump which exerts a pull and pulls the chips into these channels and from there into the container underneath. [744]

Q. (By Mr. Mockabee): Did you observe a vacuum pump connected to Exhibit 5 one day last week when the machine was demonstrated?

A. Yes, I did.

Q. Do you know the origin of this vacuum chip clearing attachment on such a machine?

A. When you say the origin, I can't answer that. It might have been originated 300 years ago.

(Testimony of Philip Lipson.)

Q. Do you know who first put such a device on a zipper machine of this type?

Mr. Leonard Lyon: Of his own knowledge?

Mr. Mockabee: Yes.

The Witness: I don't.

Q. (By Mr. Mockabee): Comparing Exhibit 5 with the machine adjacent thereto—and we will mark it for identification as Defendant's Exhibit AZ.

The Court: The accused device?

Mr. Mockabee: The accused device.

The Court: May we have the same stipulation, that the accused device may be returned to the custody of the defendant to be produced at such times as may be necessary in the future?

Mr. Leonard Lyon: That is satisfactory to me, your Honor.

Mr. Mockabee: Yes. [745]

The Court: AZ received in evidence.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit AZ.)

(The following question was read by the reporter: "Q. Comparing Exhibit 5 with the machine adjacent thereto——")

Q. (By Mr. Mockabee) (Continuing): ——can you point out on Exhibit AZ improvements thereon made by you after you became interested in Union Slide Fastener, which are similar to or the same as elements of Exhibit 5 of plaintiff?

A. You asked me a question which pertains to what I installed——

(Testimony of Philip Lipson.)

Q. Or had installed.

A. —or had installed under my direction. You will note in this punch holder block there are grooves in here (indicating).

The Court: Starting down vertically and then winding off in a half circle.

The Witness: Yes. When I saw the first machine of this type, it had little copper tubes bent in this manner. They were squeezed into the notching channels of the punch, and it was connected with a compressor, which pressed, which blew compressed air into the little tubes, and blew the chips away from under the punch into these channels that were provided, and into those tubes. When I wanted to change this, it was [746] my idea that in blowing a chip you cannot control it where it will be blown. There are cases when the punches are adjusted a little bit too high, they do not go enough under the surface, so that there isn't enough of a pause there to give a chance for the chip to be blown in, and then the chips fell on the dies and ruined the dies. I had the idea that instead of blowing we could vacuum it, we would vacuum the chips out.

I bought these tanks here from government surplus for \$1.00 apiece, and I connected these four, they are soldered in, I connected these four——

The Court: Hoses.

The Witness (Continuing): —four hoses, and this pipe here with the union was connected to a series of pipes which start from the vacuum pump.

(Testimony of Philip Lipson.)

Q. (By Mr. Mockabee): In other words, that is your vacuum connection?

A. That is our vacuum connection. When this gets fairly filled up with chips, we open this up, and this is removed, and inside are the chips that are accumulated.

This machine was taken off from our production line to be brought to the court.

Q. With regard to the vacuum——

The Court: This vacuum case and the four rubber hoses extending from it will be called Exhibit AZ-1, and received in evidence. [747]

The same stipulation, that it may be returned to the custody of the defendants to be produced when required?

Mr. Leonard Lyon: Yes, your Honor.

The Court: All right.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit AZ-1.)

Q. (By Mr. Mockabee): Had you seen a vacuum chip clearer on any other zipper machine before you applied it to yours? A. No.

Q. In other words, then, insofar as you have knowledge, you were the originator of the vacuum chip clearer on zipper machines?

Mr. Leonard Lyon: If your Honor please, I object to that question. He has already answered all he knows about it. He never has seen one before.

The Witness: I was going to say the same thing.

The Court: The question has been answered, but the answer may go out. The answer will remain that

(Testimony of Philip Lipson.)

he never saw it before he put it on the machine.

Q. (By Mr. Mockabee): Is the frame of the accused device, Exhibit AZ, different from the general frame structure of Plaintiff's Exhibit 5?

A. What is that question? [748]

(Question read.)

The Witness: Will you please clarify the question? What do you consider a frame?

Q. (By Mr. Mockabee): I am referring to the base portion, the upstanding castings which carry the various moving parts of the machine, the general frame members, skeleton of the machine.

A. I would call that the body of the machine.

Q. The body of the machine.

A. It is entirely different.

Q. What is the weight of your machine?

A. 500 pounds, assembled, but without the container or the chips. The machine itself.

The Court: Can we stipulate to the weight of Exhibit 5?

Mr. Leonard Lyon: I will find out what it is.

Does anyone here know what the weight of Exhibit 5 is?

Mr. Meech: About 1500 pounds.

The Court: The record will show that Exhibit 5 has a metal piece immediately adjacent to the flooring of about an inch thick of steel or iron, and which is about a little over three feet square, while Exhibit AZ stands on four legs of a frame; that Exhibit 5 has extended upward from the iron base apparently two pieces of angle iron about eight

(Testimony of Philip Lipson.)

inches wide, and the angle portion of the iron is about 2½ inches wide extending upward for about 18 inches, while Exhibit AZ has [749] sort of a frame structure with metal members going upwards, but with openings between what amounts to the legs on either side, and that generally the machine itself set upon the body Exhibit 5 seems to be a much bigger and heavier machine than the machine set upon the body of Exhibit AZ.

Q. (By Mr. Mockabee): Has the machine, Defendant's Exhibit AZ, been in operation for any considerable length of time?

A. This particular model that is on exhibit here is our latest machine and has been in operation for approximately two years.

Q. Do you have any other machines in your plant built like this machine, Exhibit AZ, which have been in operation longer?

A. Yes, I do.

Q. Will you tell me approximately their length of operation?

A. The oldest one is the very first machine that I found at the Union Slide Fastener Company factory when I entered. But that machine has been altered, and in that I incorporated all the improvements and changes that I have put in newer machines. But its outside appearance, what you call the framework or the body, is generally similar to this one. It may have a different angle, which it does have. One of the improvements that I made was to change the angle of [750] this bracket so

(Testimony of Philip Lipson.)

that the tape, instead of coming down at a sharp angle — I am exaggerating the angle — comes out fairly vertical, a very slight angle. The importance of this is that when the tape, which is in a fixed position in this die, is moved away at such an angle here at a time when the elements are clamped on, they can also cause a herringbone like I stated before.

Q. Do the machines exemplified by Exhibit AZ require frequent shutdown for repair or adjustment? A. No.

Q. What is the usual reason for shutting down a machine?

A. One of the most common reasons for shutting down a machine is changing the color of the tape that is there.

Q. I mean with regard to any attention required by the operating parts of the machine.

A. The removal of the punches and the dies for resharpening after they get dull. And that depends on the metal used. We get a production of from—normally—from 10 to 12 days on aluminum without resharpening, and from four to five days on brass.

The Court: Can you give us something other than days? The number of zippers?

The Witness: Our normal production on a machine like this here, considering the efficiency of the machine, is in the neighborhood of fifteen to sixteen hundred yards a day. [751] That is consid-

(Testimony of Philip Lipson.)

ering that the machine operates at an efficiency of between 85 and 90 per cent.

Q. (By Mr. Mockabee): Without going into a detailed comparison, are the elements of Plaintiff's Exhibit 5, which you identified and discussed this morning, which had been removed from Exhibit 5, also found in the accused device, Exhibit AZ?

Mr. Leonard Lyon: I think that is too indefinite, your Honor.

Mr. Mockabee: I was just trying to condense it a little bit.

The Court: Objection overruled. Yes or no, are they found or are they not found in the accused device?

The Witness: I cannot answer that question, your Honor, unless it is clarified, because I do not want to make a wrong answer.

The Court: Then break it down.

Q. (By Mr. Mockabee): The defendant's device included a part that you identified, called a punch clearer. Is that found on the accused device?

A. The ejector?

Q. The ejector.

Mr. Leonard Lyon: Just a minute. The previous question which was to be clarified was what parts out of Exhibit 5 were found in the defendant's device. Now we have forgotten about [752] 5, apparently.

The Court: Let's withdraw the question. But as far as the ejector, we have already had testimony in which the ejector from the accused device, Ex-

(Testimony of Philip Lipson.)

hibit AZ, has been offered in evidence, is that right?

The Witness: That was the ejector that was used on the accused device prior to a certain other improvement which eliminated its use. I do not use the ejector now. I used to use it.

The Court: I see. All right.

Q. (By Mr. Mockabee): Then, the ejector plate from your equipment that you identified is not, then, on this Exhibit AZ?

A. No, it is not.

Q. For what reason?

A. I have found a better system of ejecting the elements. That is, rather, not ejecting them, but not causing them to stick in the first place. [753]

I have modified the angle and I could only illustrate that by a piece of paper.

Q. (By Mr. Mockabee): I prefer to have you describe it without making too many sketches.

A. I will describe that the punch—I don't know which exhibit it is but it was entered as an exhibit—the Union Slide punch.

Mr. Charles Lyon: Exhibit AS—no, that is the Silberman punch.

Mr. Leonard Lyon: AT.

Mr. Charles Lyon: Or Exhibit D, either one.

The Court: It is the same as Exhibit D for identification. Is this the Union Slide punch Exhibit AT?

The Witness: Yes.

The Court: Go ahead.

The Witness: We find here on Exhibit AT, in

(Testimony of Philip Lipson.)

the front part, a groove, which consists of a semi-circular or radius——

Q. (By Mr. Mockabee): That is sufficient.

A. And two lines which move away from it, which are at a slight angle.

Q. In other words the generally “U”-shaped groove in cross-section has divergent side walls?

A. I wanted to explain first how the old one was.

Q. Proceed.

The Court: Is this the old one or the new one?

The Witness: This is the new one. The old one had a full half-circle and from that half-circle two straight lines moved upward. They weren't very long. They were fifteen-thousandths. But at any rate the channel was not—these were vertical lines.

Q. (By Mr. Mockabee): The legs of the “U” were parallel?

A. Yes, they were parallel, that is right. Now, when this punch—in punching out with this shearing surface it got slightly dull. The scoops formed by that had a burr——

The Court: Now, you are talking about the upper end of the punch—you were talking about the upper end of the punch and now you are talking about the shearing end.

The Witness: Well, the same groove moves all the way down. I merely described here because it is shown.

The Court: On the top end of it?

(Testimony of Philip Lipson.)

The Witness: Yes. But the same grooves go down to the very bottom.

The Court: The shearing end.

The Witness: When these formed burrs on its downward movement—on the downward movement of the punch, after cutting the element, it lodged in here and if it had a burr it didn't come out but it rode up with the punch.

Q. (By Mr. Mockabee): And stuck in the lower portion of the groove?

A. Stuck in the lower portion of the groove. [755] When the punch came down to cut the next groove that one pushed this one up a little bit and stayed in there. And we would often find that these here accumulated here—oh, about, sometimes 10 or 12 of these.

The Court: In the groove?

The Witness: In the groove. And of course they kept on and the tape was pulling upward and continuing through these and it would tear the tape.

Now, in that particular type an ejector was needed so that they could not ride up here. The ejector moved them out.

With the change in these angles we find that the elements eject themselves because they are wider at this part than the inside part.

The Court: You opened up the "U"-shaped groove so that——

The Witness: At an angle.

The Court: So it had a wider opening and therefore they wouldn't stick?

(Testimony of Philip Lipson.)

The Witness: Well, they will not stick.

Mr. Leonard Lyon: Can we fix the date when that was done?

The Witness: Do you want the date?

Q. (By Mr. Mockabee): Can you tell us approximately?

A. It was in May or June of 1949.

May I state also that originally the first ones I tried had a five-degree angle and we later changed it to a 10-degree angle. [756]

Q. (By Mr. Mockabee): Can you describe the tape feed control which is shown on the accused machine, Exhibit AZ?

A. The tape feed control or mechanism?

Q. The mechanism for feeding the tape.

A. This part here. The eccentric——

Q. On the main shaft?

A. It is connected with a connecting rod with the arm that holds the pawl and when the shaft, main shaft turns this connecting rod moves the arm up and down, moving the pawl in an intermittent manner—that is in a motion up and down and each time it moves down it skips over one of these teeth of the ratchet and when it moves up it moves the ratchet forward.

Q. Do you have any particular features regarding the tape feed and tensioning means which you applied to the double-header machine, Exhibit AZ?

A. When I saw this machine for the first time——

The Court: Exhibit AZ?

(Testimony of Philip Lipson.)

The Witness: Yes. The machine that was at the Union Slide Fastener in 1947, this was composed of two parts.

Mr. Leonard Lyon: What is that?

Q. (By Mr. Mockabee): Name the elements.

A. We would call this an eccentric.

The Court: You are talking about the eccentric [757] that leads to the ratchet to pick the tape up?

The Witness: Yes.

The Court: All right.

The Witness: This eccentric was composed of two parts. The upper part was not an eccentric but a cam.

This part here was inside of that outside shell of the cam and was connected with the same kind of a connecting rod.

Q. (By Mr. Mockabee): That is the lower end of the connecting rod?

A. Yes. Well, this is merely hooked on with a bolt there off center and when the shaft turns that moves up and down.

This part, the outer part of the shell of the eccentric at that time was a cam and when it came to a certain point—now, the difference between an eccentric and a cam—I don't know if I have to explain that or not. An eccentric normally takes 180 degrees of the turn of the eccentric to push the activated member forward and it requires 180 degrees to move back.

Cam actions are used wherever a faster action is required.

(Testimony of Philip Lipson.)

Q. Involving a movement of less than 180 degrees?

A. Yes, involving a movement of less than 180 degrees. We have some cams that work in a very fast manner and some cams that work slowly. It depends on the degree, the shortness and the width of the increase. [758]

Q. What was the purpose of the cam?

A. The purpose of the cam was to move the arm of the wire feed mechanism, a pawl arm, that is what it is called, of the wire feed mechanism.

Q. How is your present feed arranged?

A. It is arranged—this is an eccentric instead of a cam so that the action is slower and it isn't as noisy and it does not wear as much as when you get a sudden shock on it. It moves slower and therefore the parts, the bearings do not wear out and the machine is quieter and it is easier to control.

Mr. Leonard Lyon: May I ask when those changes were made?

The Witness: This change was made on the machine in February or March 1950.

Q. (By Mr. Mockabee): Can you recall anything which you have not yet testified to which was developed by you as an improvement of the machines of the Union Slide Fastener Company which were not originally on those machines?

A. There are about 30 or 14. I will point out two major ones.

One is this tension block. There are two jaws.

(Testimony of Philip Lipson.)

Q. The tension block for the tape feed?

A. For the tape. There are two jaws. When the tape is pulled through the die it has to be under a certain tension so that it is rigid. [759]

In order to create this tension and regulate it there are two jaws underneath which clamp the tape and these jaws, one is stationary. The reciprocating part of the jaw is on a spring in the machine that I had found at the Union Slide Fastener Company, Inc., in 1947.

This was done by a mechanism with gears and it cost around, the production of it, for the entire mechanism—I can't tell the figure offhand, but in the neighborhood of \$300 to make. And it always went out of commission when you operated the machine because there was little gears in it which would break or else they would turn them in the wrong direction and you would get more tension instead of less whenever you wanted it.

I devised this means which is simple and which can be adjusted by one screw here to either increase the tension or lessen the tension. And this particular device, the cost of producing it and attaching it, runs somewhere around \$80 or \$90.

Mr. Leonard Lyon: While we are here, can I ask the witness if he can point out any difference between that device and the pertinent parts shown in Figure 7 of the Silberman patent?

The Witness: It isn't shown clearly on here.

Mr. Charles Lyon: We are not making a record.

The Court: The witness has just been shown

(Testimony of Philip Lipson.)

[760] Silberman patent No. '793, sheet 3, Figure 8. He has been asked if there was a similar tension block or device in the Silberman patent.

The Witness: It is only similar in its function but not similar in its construction.

Q. (By Mr. Mockabee): It is, however, a spring-pressed slidable block?

A. Yes; the original that I found on this machine was also spring-pressed. They have to be spring-pressed but the adjustment part of it was very cumbersome and this machine here, it seems to be a device—there is a bolt—whether this is circular or square I don't know because there is no side view of it.

The Court: By "this machine here" you are referring to '793 and Figure 8?

The Witness: Yes. And it seems to be controlled by a plain bolt and counter-nut.

Q. (By Mr. Mockabee): And you have a different type?

A. I have a different system which in my opinion is much easier to adjust.

In this one here you would have to have a socket wrench of one size and a socket wrench of another size to make the adjustment.

The Court: As I understand in this tension block there is no intermittent action on the tape—that is there is no [761] loosening and then tightening. It is a steady tension and the tape is pulled through a gap in the tension block.

(Testimony of Philip Lipson.)

The Witness: Correct, although the movement at the top is intermittent.

The Court: Yes, but there is no intermittent movement at the tension block. It is a matter of the tension block squeezing the tape sufficiently to let it pass through when the intermittent movement above pulls it up.

The Witness: Correct.

The Court: All right.

Q. (By Mr. Mockabee): Is there any other feature which you can briefly point out?

A. Here is another feature which I changed. If I had the Silberman patent here I could point out the change.

(Document handed to the witness.)

The Witness: In the Silberman patent we find——

The Court: Figures 46, 47 and 48.

The Witness: We find a cam in the form generally of a washer with recesses on one part and projections on the other.

Q. (By Mr. Mockabee): Which are generally “V”-shaped in cross-section, is that true?

A. Correct. And in order to release the shoe which presses the tape against a knurled wheel causing its movement around the wheel and upward from the die.

When this tension of the shoe is to be released [762] in the Silberman patent there is this cam action which I described. There is a hole in the center of the washer type cam. The hole is in both

(Testimony of Philip Lipson.)

of them. It is not shown in this one here. It isn't shown here—yes, right here is one. This is the male and this is the female and there is a side view shown here. [763]

The troublesome part of this here was that it was difficult to have it tight. It was always—when it was released, the tension was released, this was always rattling back and forth, and when you wanted to open it up you invariably broke the handles on them. It required that much pressure.

This is, again, what I described before, in describing the metal piece, as a cam action versus eccentric action. I changed that in ours to an eccentric action.

If you will notice, your Honor, I can move this with one finger.

Mr. Leonard Lyon: When did you make that change?

The Witness: I made this change in 1950. I would have to consult my records to be able to describe it.

The Court: What do you call that?

The Witness: Release.

The Court: For the——

The Witness: For the tape feed mechanism tension release.

The Court: Now, again, the tape running between the knurled wheel and the shoe is held under steady pressure and intermittent action elsewhere causes it to slide through the shoe?

The Witness: Yes, your Honor.

(Testimony of Philip Lipson.)

The Court: Now, will you illustrate on Exhibit 5 the two handles at the top here? [764]

The Witness: Yes, your Honor. This here release is a cam action, in that it isn't circular, it is more of a cam action.

I haven't analyzed Exhibit 5 of the plaintiff's machine enough to be able to tell why it has this circular part and why it has this part here, and I couldn't tell. Perhaps the plaintiff could tell more. I would have to operate the machine to be able to tell that.

The Court: Is this release that you see on Exhibit 5, release for the tape feed mechanism that you see on Exhibit 5, similar to what was on the Loew machine when you first started to work with it?

The Witness: No, your Honor.

The Court: The one that was on the Loew machine was more nearly like what is shown in Silberman?

The Witness: Yes, your Honor. This is both cam and eccentric action, it seems to me. But I can't tell without examining it closely.

Mr. Mockabee: Do you have any questions about the machine, Mr. Lyon?

Mr. Leonard Lyon: I haven't any questions now. I may never have any.

Mr. Mockabee: I thought if you did, we were here——

The Court: Are you through, then, now for the time being? [765]

(Testimony of Philip Lipson.)

Mr. Mockabee: I just wanted to ask the witness a couple of questions about the top stop machine which he has here in the courtroom.

The Court: What would the next exhibit number be, Mr. Clerk?

The Clerk: BA.

Mr. Mockabee: I offer it in evidence.

The Court: BA received in evidence. May we have the stipulation that BA may be withdrawn by the defendant to be produced when required by the court?

Mr. Leonard Lyon: I so stipulate.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit BA.)

Q. (By Mr. Mockabee): In general, Mr. Lipson, this machine is intended to form from a piece of wire a top stop and apply it to a zipper tape, is that not true? A. That is true.

Q. Who designed that machine? A. I did.

Q. Who conceived the elements making up the combination of the machine?

Mr. Leonard Lyon: I would like to lay a foundation for the date when this machine was designed.

The Court: We will get to that. Answer the question. Who conceived the idea of the machine?

The Witness: The idea of the machine or the elements?

Q. (By Mr. Mockabee): The idea of the machine. A. I did.

The Court: What date?

(Testimony of Philip Lipson.)

The Witness: I conceived the idea around the end of 1948.

Q. (By Mr. Mockabee): Is that machine in use in your plant?

A. This particular machine has just been finished and is on test.

Q. Are machines of that type in use in your plant? A. Yes.

The Court: This is an improvement over some earlier machine that you built?

The Witness: Yes, your Honor.

The Court: Have you applied for a patent on the earlier machine?

The Witness: Yes, your Honor.

The Court: Did you get a patent on the earlier machine?

Mr. Mockabee: The present status of the application, your Honor, is that a number of claims have been allowed and it has just about reached its final stage of prosecution.

The Court: No patent as yet has been issued——

The Witness: No.

The Court: ——on Exhibit BA or any of its predecessors? [767]

The Witness: No, your Honor.

Q. (By Mr. Mockabee): But such machines are being used in your regular production, is that not true? A. That is correct.

Q. In attempting to negotiate a settlement of your controversy with plaintiff, was this machine

(Testimony of Philip Lipson.)

offered as a part of your contribution to the negotiation for settlement?

Mr. Leonard Lyon: I object to that on the ground it is privileged.

The Court: Sustained. It has no bearing in the trial of this action. It is a matter of your negotiations.

Mr. Mockabee: There has been some discussion on that.

The Court: Any discussion that you have had on that would have been off the record.

Mr. Mockabee: That will be all about the machine. I think we can return to the courtroom, your Honor.

The Court: We will take a little recess.

(Recess taken.)

The Court: How long do you estimate you will be, Mr. Mockabee?

Mr. Mockabee: I certainly hope to finish up with Mr. Lipson tomorrow.

The Court: Do you expect to take all day tomorrow?

Mr. Mockabee: I hope not sir. There are two other rather important matters to be brought up by his testimony. [768] I will get through as soon as possible.

The Court: I will have to take a recess right at 4:00 o'clock. I probably will not be more than 10 minutes. We can get another 20 minutes in after that. So let's go ahead.

Q. (By Mr. Mockabee): Mr. Lipson, from your

(Testimony of Philip Lipson.)

inspection of plaintiff's Exhibit 5 and defendant's Exhibit AZ, and comparing those two machines with the machines which you originally saw in the Union Slide Fastener factory when you associated with Mr. Loew, is it not true that the improvements which you state you devised and incorporated in Exhibit AZ, and that type of machine, and are also found on Exhibit 5, were of considerable importance in the increase of the speed of operation of the machine? A. Yes.

Q. Referring back to the Poux patent '017 in suit, I ask you to observe the mechanical elements which are illustrated in that patent as a means of carrying out the method disclosed by Poux. In the Poux drawing is there shown means for feeding a tape into a predetermined position? A. Yes.

Q. Does that comprise rollers 12 and 13?

A. Yes.

Q. Is there shown in Poux means for feeding a metallic member towards that predetermined position? A. Yes. [769]

The Court: What patent are you comparing it with now, indirectly?

Mr. Mockabee: Silberman's '793.

The Court: All right.

Q. (By Mr. Mockabee): That is the feed rolls 9?

A. One is indicated as 9, on Fig. 2. The other one I don't know if the 8 refers to—

Q. They are identical rollers, aren't they?

A. Yes, they are identical rollers.

Q. Is the apparatus shown in Poux one which

(Testimony of Philip Lipson.)

includes means immediately at the predetermined position of the tape for performing all operations on the fed member to form slide fastener elements from the fed member and to attach the elements to the tape directly from the fed member?

A. What is considered under the term "immediately at"? [770]

Q. Closely adjacent to that position?

A. The answer is yes.

Q. Is it not true that in the drawing, Fig. 2 of Poux, the scale is greatly enlarged with respect to the size of an actual zipper element and the tools necessary for forming it?

A. In my opinion, yes, although depending on the size of the zipper to be made.

Q. Well, I am speaking of conventional zippers such, for instance, as are made—well, the No. 3 zipper for instance, the skirt zipper.

A. Well, for a No. 3 zipper this would be enlarged.

Q. Considerably, is that not true?

A. Considerably.

Q. So that in an actual organization the punches on the head 14 would occupy a rather small space, is that not true? A. Yes.

Q. Close to the tape?

A. Close to the place where the tape is engaged.

Q. Is there a base shown in the Poux patent? is shown.

A. A cutaway of some type of a base or plate

(Testimony of Philip Lipson.)

Q. Are bases usually provided for zipper machines?

A. Yes, bases on which you mount the die assembly.

Q. Was that done prior to 1931 to your knowledge?

Mr. Leonard Lyon: The witness was in Germany then, I think, or some other place. Counsel hasn't laid any foundation [771] for the witness knowing anything about zipper machines at that date.

The Court: He wasn't in Germany but he was in a commercial line of business. The objection is sustained.

Q. (By Mr. Mockabee): Were you familiar with die punching machines prior to 1931?

A. Yes, sir.

Q. Did they contain bases upon which the moving elements of the machine were mounted?

A. Yes.

Q. Did they contain shafts for operating the mechanism in the machine? A. Yes.

Q. Carried by the base or supported by it?

A. Yes, supported by it.

Q. Directly or indirectly?

A. They were carried above—those that I have seen were carried above the base.

The Court: There is no issue in this case about crankshafts or bases or rams or punch blocks.

Those are old in the art. All of them. If there is

(Testimony of Philip Lipson.)

any invention here it doesn't vest in those things or any combination of them, I don't believe.

Mr. Mockabee: I just wanted to be sure.

Mr. Leonard Lyon: You have stated my position correctly. [772]

The Court: It is 4:00 o'clock and I will be back in 10 minutes. We will take a short recess.

(Short recess.) [773]

The Court: Proceed.

Q. (By Mr. Mockabee): Referring to the patent to Poux '017, in your opinion could a zipper of the type generally being manufactured and sold today be made from a round or square rod?

A. Not the commercial type use of the zipper as it is known today.

Q. For what reason?

A. In a commercial zipper, and I have before me here two zippers made by Talon, a No. 3, which is used widely in the garment industry, and a No. 5, which is used for luggage or for heavier garments, heavy garments, and in this zipper we find——

The Court: Which is "this"?

The Witness: This is the Talon zipper.

The Court: No. 5?

The Witness: No. 5, yes. And this is a Talon zipper No. 3. (Indicating.)

The Court: Let's mark these. No. 3 will be Exhibit BB. Is there any objection to receiving it in evidence?

Received in evidence as Exhibit BB.

(Testimony of Philip Lipson.)

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit BB.)

The Court: And No. 5 zipper will be BC in evidence. [774]

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit BC.)

The Witness: I will now measure the dimension of this zipper.

The Court: Which one?

The Witness: The Talon No. 5, in its width, the width of the element.

Mr. Leonard Lyon: I assume the witness has done this before, and he can tell us the results without measuring them here in the courtroom.

The Witness: Yes, I have.

The Court: All right. What is the width of it?

The Witness: The width of this element runs generally between 99 thousandths of an inch and 102 thousandths of an inch. That is .099 to .102. Whereas the height of the element, the thickness of it, without the projection, measures in the Talon zipper that I have before me approximately 37 to 38 thousands.

Now, if a square or a round rod was used to make zippers, the thickness of the element would have to be the same as the width of the element. It would therefore be from 99 to 101 thousandths thick instead of its present thickness.

Q. (By Mr. Mockabee): From your figures,

(Testimony of Philip Lipson.)

then, the commercial zipper is approximately three times as wide as it is high, is that correct? [775]

A. Not quite three times.

Q. But roughly? A. About $2\frac{1}{2}$ times.

Q. All right. Proceed.

A. Such a zipper would be very, I would say, clumsy, and would have no marketable value on garments. In my opinion, when I have seen zippers manufactured by the plaintiff for use in heavy duty, such as tarpaulins that the Army uses, some of those are die cast zippers, even in those zippers, like a No. 7 or a No. 9, the thickness of the metal does not reach 99 to 102 thousandths, and those are zippers that could hardly be used on garments.

In the No. 3 zipper made by the plaintiff we find that the width generally runs approximately 78, 79 thousandths, made of a square rod, or a round rod, in the Poux method. The thickness of this element, which is now about 36, 37 thousandths, would also have to be the same as the width, 78 or 79 thousandths. How such a zipper could be put on a garment, that has never been tried or never been marketed, how it could be marketed—I don't think it could be. And I have never seen or heard of zippers, No. 3 or No. 5, having those dimensions.

Q. Have you ever seen a plastic zipper wherein the interlocking elements are made of plastic?

A. Yes. I have one here before me. [776]

The Court: Are you going to have some testimony about this plastic zipper?

Mr. Mockabee: Yes. It will be very brief.

(Testimony of Philip Lipson.)

The Court: All right. It will be Exhibit BD in evidence. Go ahead.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit BD.)

Q. (By Mr. Mockabee): Could a plastic zipper, such as Exhibit BD, be made according to the Poux method? A. No.

Q. For what reason?

A. A plastic material, as it is known today, and as I have seen on zippers made by plaintiff, as well as other zippers, the plastic cannot be punched in such a way as to form recesses and projections, unless it is in its soft stage. Now, if it was in its soft stage, how could it be propelled forward by these rollers? It would bend. You couldn't control it. [777]

Mr. Leonard Lyon: If your Honor please, may I inquire—I don't think the question is definite. Is the witness answering it could not be made by the method in the Poux patent or the apparatus shown in the Poux patent?

The Witness: Is that a question?

Mr. Leonard Lyon: If you would answer it.

The Witness: The Poux method shows that it is a rod or square propelled——

Q. (By Mr. Mockabee): Mr. Lipson, let me interrupt. A. Yes.

Q. If you can make your comparison here without regard to the mention of apparatus please do so. That is the manner in which it is formed and not the article which does the forming.

(Testimony of Philip Lipson.)

A. The manner in which it is performed, you have to punch the recesses and projections. You have to punch the holes and you have to clamp the jaws over a tape.

In my estimation it cannot be done by the Poux method.

Q. How are plastic zippers made?

A. To the best of my knowledge they are molded.

Q. When did you first meet David Silberman, the patentee of patent '793 in suit?

A. About the middle of August 1948.

Q. What was the occasion of that meeting?

A. Mr. Silberman telephoned our factory. [778]
I did not speak to him. He asked for——

Q. Did you meet him at that time?

A. No, he telephoned first. He phoned the day before a meeting that was held in the Hollywood-Roosevelt Hotel.

Q. And then you met him at that meeting the next day?

A. I met him at the meeting the next day.

Q. What was the reason for the meeting?

A. What happened when we came to the meeting? He didn't phone me and I could only state what I was told by Mr. Loew, why he wanted to see us.

Q. What occurred at the meeting?

A. At the meeting? I came there with Mr. Loew, who was then president of the Union Slide Fastener Corporation.

(Testimony of Philip Lipson.)

We were told when we rang his room number——

Mr. Leonard Lyon: If your Honor please, I don't want to interfere but I don't want to consent to any hearsay.

There has been no representative of the plaintiff established as being present at this meeting or taking part in this conversation.

The Court: You hold the Silberman patent by assignment from Silberman?

Mr. Leonard Lyon: Yes.

The Court: Doesn't the law that pertains, for instance, to real estate, where declarations of predecessors in interest bind a successor in interest? Isn't the law the same as to patents? [779]

Mr. Leonard Lyon: There is a recording statute involved and I don't know what is coming out. But there is a recording statute in connection with patents and the question of whether plaintiff took it with any notice I don't know. I don't know what the conversation is going to be but if there was any agreement, why, they would have to be on some notice to the plaintiff.

Mr. Mockabee: With regard to the recording statute, I believe that the recordings generally are regarding assignments of patent rights and that licenses generally are not recorded.

The Court: Well, I don't know what is coming out either, but supposing Silberman who allegedly invented patent '793, before he assigned the patent to Talon, said to A, B, and C: "I never invented

(Testimony of Philip Lipson.)

this patent. Joe Doakes invented it. I stole it from him. I made the application."

Certainly that is an admission against interest as to Silberman. Now, can that kind of an admission be used against a successor in interest of Silberman who now claims to own the patent?

Mr. Leonard Lyon: I didn't have in mind anything of that kind. I thought maybe the witness was going to testify to some agreement.

The Court: I am not even speculating that that might come out, but I am trying to explore this question as to [780] whether or not you, as the successor in interest to Silberman—

Mr. Leonard Lyon: Oh, I think if Silberman ever admitted he wasn't the inventor probably the admission would be receivable in evidence.

The Court: Well, I don't know what is coming out either. Let us take a second alternative.

Supposing Silberman at this meeting said: "Look, you have got a machine there that infringes my machine but it is all right with me for you to go ahead and make some improvements on it and I will never charge you with infringement."

And thereafter the Union Slide Company, relying on Silberman's statement made improvements on the machine, spent money on it, relied upon Silberman's statement. And thereafter Talon takes the patent by assignment. Can't that estoppel be shown?

Mr. Leonard Lyon: With a warranty from Silberman which is in the assignment that there were

(Testimony of Philip Lipson.)

no licenses issued under the patent and the license was not in writing and not recorded and Talon had no notice of it, of the transaction or knowledge of it at the time they bought the Silberman patent. I think it would be cut off.

The Court: Do you contend that the purchaser of a patent by assignment is exempted from the general rule of caveat emptor, and by being a bona fide purchaser he in some way gets a better title than the title that his assignor had? [781]

Mr. Leonard Lyon: I think I would prefer to read your Honor the statute.

The Court: What section is it? You had better look up a little law over the night and bring it up again in the morning.

Mr. Leonard Lyon: I think it is Section 261 of the statute, your Honor.

The Court: The last paragraph may be the answer:

“An assignment, grant or conveyance shall be void as against any subsequent purchaser or mortgagee for a value consideration without notice unless it is recorded in the Patent Office within three months from its date or prior to the date of such subsequent purchase or mortgage.”

I will have to study that.

Mr. Mockabee: I think, however, your Honor, there is a considerable difference between an assignment of title to a patent and the granting of a license; that the granting of a license does not come within the purview of that statute.

(Testimony of Philip Lipson.)

The Court: It mentions assignment, grant and conveyance and doesn't mention a license. I will check some law on it and convene at 9:30 tomorrow morning.

(Whereupon, at 4:30 o'clock p.m. a recess was taken until 9:30 o'clock a.m. of the following day, Thursday, March 10, 1955.) [782]

March 10, 1955, 9:30 O'Clock A.M.

The Court: Call the case.

The Clerk: No. 10450-C Civil, Talon, Inc., vs. Union Slide Fastener, Inc., further trial.

The Court: In the transcript of Tuesday, March 8, I just happened to turn to this page 519—I haven't been reading this transcript—and the reporter has the court making an unintelligible statement, which is to be expected from time to time, but I think that the matter was misunderstood by the reporter. Line 7. We were talking about the answers to interrogatory 83. The statement is: "That is the interrogatory that the answer is here. It was submitted separately."

It should read: "That is the interrogatory." Strike out "that." Put a capital "T" on "the." So it will read: "That is the interrogatory. The answer is here. It was submitted separately."

If that is the worst that happens, I won't be too badly concerned.

Mr. Leonard Lyon: In connection with the matter that was under discussion at the adjournment last night, I wonder if I might ask your Honor

(Testimony of Philip Lipson.)

if you have read the deposition of Mr. Loew. You have told us you read the deposition of Mr. Silberman, but the deposition of Mr. Loew is quite pertinent to what is the subject of the examination now.

The Court: I haven't read it.

Mr. Leonard Lyon: I think your Honor will find that it will help you in ruling on the testimony as we go along of Mr. Lipson at this point if you know what Mr. Loew said. The defendant has offered Mr. Loew's deposition in evidence, and Mr. Loew was present at the conversation.

The Court: And he testifies to the same conversation?

Mr. Leonard Lyon: He testifies that there was no agreement of any kind.

The Court: Regardless of what he testified to, we are coming now to a meeting at which Lipson, Loew, and apparently Silberman were present.

Mr. Leonard Lyon: That is correct.

The Court: Now, the defendant, or the plaintiff offered Loew's deposition?

Mr. Leonard Lyon: The defendant offered Loew's deposition.

The Court: And it went in without objection?

Mr. Leonard Lyon: Yes.

The Court: Whereby Loew testified to this particular conversation?

Mr. Leonard Lyon: Yes.

The Court: Whatever it was?

Mr. Leonard Lyon: Yes.

The Court: Now, Lipson is going to be asked

(Testimony of Philip Lipson.)

about that [786] conversation, but you are going to object to his relating the conversation, although you didn't object to Loew relating it in the deposition?

Mr. Leonard Lyon: Except such objections that were in the deposition, and I don't believe there were any adequate objections.

I think I should be allowed to make an objection on the same grounds to Loew's testimony; in other words, this is not an objection to the form of the question, it is an objection that could be made at the trial, to the competency and relevancy of the testimony. [787]

The Court: The fact that Loew would say there was no agreement and that Lipson might say there was, doesn't answer the legal question.

The legal question that I asked you to check into last night is whether or not there is any rule of law in the field of patents similar to the law in the field of real estate, and I am only reasoning by analogy, that the predecessor in interest having made some statement about his title or having done something in connection with it, that testimony is apparently admissible subsequently on some question concerning the property involved.

Mr. Leonard Lyon: Your Honor not having read Mr. Loew's deposition and not having heard the testimony, may have something in mind that isn't involved.

This isn't a question of any statement as to title or whether he was an inventor. This was a

(Testimony of Philip Lipson.)

statement as to whether or not there was any statement by Mr. Silberman that he would not sue the plaintiff—the defendant, as long as the defendant made an agreement with respect to European sales.

If there was such a statement or if there was such an agreement, which Mr. Loew says there was not at the conversation, and Mr. Loew was present, the question would be is it a conveyance under the patent. If it is a conveyance under the patent then it would be subject to the recording statute that I read to you last night. [788]

If it was not a conveyance under the patent then it would be a personal covenant that would run with the patent and would be terminated when the plaintiff acquired the patent.

Obviously the plaintiff could not have enforced that agreement and also the agreement would be subject to the statute of frauds.

If it is not a conveyance under the patent then it is a matter of California law. It is not a matter of patent law at all.

The Court: Well, you think you know what Lipson is going testify to. I don't.

Can you make a brief statement, Mr. Mockabee, as to what you expect to prove arising out of this conversation at the Hollywood-Roosevelt Hotel?

Mr. Mockabee: I expect to prove in the main two points. One is that Silberman made a statement to the effect that Loew and Lipson were infringing his patent and as a result of that statement he stated that patents in the zipper art were

(Testimony of Philip Lipson.)

not very strong. That was the implication of his statement. And that his patent would not stand up in court; that he was interested in foreign market, particularly Europe, and that if Loew and Lipson or Union Slide Fastener refrained from sales in Europe he would not sue for infringement in the United States.

Now, the statements made by Mr. Lipson regarding what [789] Loew said and what he did not say I think can properly be interpreted by the court from the Loew deposition.

Mr. Leonard Lyon: Now, if the court please——

The Court: Wait just a minute.

Mr. Leonard Lyon: Excuse me.

The Court: You said two things. So far I have got one down here. What is the other?

Mr. Mockabee: One was, first, that the Silberman patent would not stand up in court.

The Court: And the other is about the European sales.

Mr. Mockabee: The other one was if they stayed out of the European market he would not prosecute them for infringement in the United States.

Mr. Leonard Lyon: Now, may I reply to those two points separately?

The first statement would not be an admission of fact which would be binding on the plaintiff, whether the patent is valid or not, and particularly whether the patent would stand up in court is a question of law and not an admission of fact which would be receivable in evidence. And cer-

(Testimony of Philip Lipson.)

tainly not binding on the plaintiff who bought the patent and would have a right to produce the facts before the court and let the court decide the matter.

The Court: On your first point I agree with you. His conclusion as to whether the patent would stand up in court [790] is a conclusion on the ultimate question the court will have to decide. He couldn't come into court and say—no witness could come into court and say there is no invention—the patent is good or the patent is bad. That is the question the court has to decide and it is not a statement of any fact. It is not a statement of something that happened or that he did that would create a defect in his title. I am inclined to agree with you as to the first point.

The second one I think is——

Mr. Leonard Lyon: Is entirely a personal covenant. The plaintiff could not have sued on that covenant and in addition to that no time was stated as to when there would be a revocation and particularly if Mr. Silberman parted with his patent. And any such covenant would not be binding on the plaintiff under the statute of frauds of this state.

The Court: I should have heard from you on the first point. Do you want to talk as to the first point?

Mr. Mockabee: As regarding his opinion of his patent, I think it is an admission of the owner of the patent as to the value he places on it and its importance as a patent and properly should be considered.

(Testimony of Philip Lipson.)

The Court: What is your answer to the second point?

Mr. Mockabee: With regard to the transfer, the loss of any license upon transfer?

The Court: No, with regard to the admissibility of a [791] statement by Silberman that he was interested in European sales and if Loew and Lipson or Union Slide would refrain from European sales he would not sue for infringement.

Mr. Mockabee: I think it creates a license. It was an offer that was acted upon and carried out by the defendant.

Licenses do not have to be in writing and I think the offer which was acted upon by the defendant creates an estoppel on the part of Silberman or his successor in interest to deny the existence of a license.

And insofar as the termination of the license upon sale of the patent to Talon is concerned, the purchaser takes a license with the title which the seller can pass and subject to any encumbrances on it. [792]

The Court: Just a minute.

Now you have raised the element of estoppel, which was mentioned last night.

Mr. Lyon.

Mr. Leonard Lyon: I think the estoppel would be a personal estoppel, and would not run with the patent, if there was such an agreement. Mr. Loew says there was not. But if there was, it was a statement—on counsel's statement—that Mr. Sil-

(Testimony of Philip Lipson.)

berman would not sue. That is a personal covenant; that is not a license. He didn't say he would give him a license; he said he wouldn't sue them as long as they did something. That is a personal covenant, and I don't believe it would run with the patent at all on a sale to a subsequent party who had no knowledge of the agreement and didn't assume the agreement, if there was one.

The Court: Well, we knew last night this problem was coming up. I assume we have no authority on it except those eminent authorities of Lyon and Mockabee on Patents.

Mr. Leonard Lyon: That is right. Except we have Mr. McCoy. He had a case once that he got defeated on, but it isn't reported.

Mr. Mockabee: I didn't have time to run down any cases. I have Walker on Patents that touches on several of these points.

The Court: Do you think Walker on patents might be more [793] persuasive than Lyon and Mockabee on Patents?

Mr. Mockabee: I think it is more generally recognized, yes.

The Court: What does Walker say?

Mr. Mockabee: With regard to oral licenses, licenses may be written——

The Court: What section and page?

Mr. Mockabee: Section 380, page 1490, Walker on Patents.

The Court: Which edition?

Mr. Mockabee: Deller's Edition.

(Testimony of Philip Lipson.)

The Court: All right.

Mr. Mockabee: "Licenses may be written or they may be oral."

There are half a dozen citations; do you want me to read them?

The Court: That doesn't answer our problem.

Mr. Mockabee: Section 381, page 1491: "No license is required to be recorded."

Mr. Leonard Lyon: Will you read the paragraph there on the same page that refers to the statute of frauds?

Mr. Mockabee: That is on page 1490.

Mr. Leonard Lyon: Yes.

Mr. Mockabee: It says, "The former, the written licenses, have advantages over the latter, because they can be made exclusive and can usually be proved with more ease and [794] more certainty, and because the latter may sometimes be obnoxious to some state statute of frauds and be rendered non-enforceable by being non-performable within one year of the dates of their origins."

Regarding that particular point, your Honor, I don't think that you ordinarily reduce an estoppel to writing and record it. Regarding——

The Court: Now, wait just a minute. I have a sort of lurking in the back of my head that under our California law on the statute of frauds, situations of estoppel take the matter out of the statute of frauds. I couldn't cite a case, but I sort of have the feeling that that is sort of an exception or variation of that rule.

(Testimony of Philip Lipson.)

Mr. Leonard Lyon: As I understand the law, and it is a very difficult subject, I went through it before Judge Mathes on an oral agreement in connection with a patent, and it was afterwards passed on by the Circuit Court of Appeals, if there was some performance that is related directly to the agreement, then that may take the case out of the statute. But you can't just circumvent the statute entirely by just saying, well, we talk about estoppel.

The Court: There have to be facts from which an estoppel would rise.

Mr. Leonard Lyon: Yes. But the making of an agreement, whether there was an agreement and whether that is within the [795] statute of frauds, can't be circumvented by just saying, "We will pay no attention to the agreement, we will call it an estoppel."

My point is that I have made my objections for the record, and I agree that it would be best if your Honor took the testimony subject to the objections, and for later rulings when you decide the case.

The Court: The thought that was going through my mind was that there is no jury here, and in order to progress with the case, and since we are not now ready with any further authorities, it would probably be better to take the testimony, overruling your objections and reserving to you a motion to strike, and you can raise the question later on.

(Testimony of Philip Lipson.)

Mr. Mockabee, you had some other observation to make here and I interrupted you.

Mr. Mockabee: It is along these lines. Do you want me to refer to them? Such as Section 390, Walker, page 1503: "A license not expressly limited in duration continues until the patent expires."

And Section 373, page 1468: "Purely implied licenses may arise from the conduct of patentees and grantees of patents or from recoveries by them of profits or damages for certain classes of infringements."

They are the only ones that I have at hand at the moment, your Honor. [796]

The Court: Another matter that we should look into as we go along is the meaning of the last paragraph, paragraph 4, Section 261, U.S.C., Title 35. Leaving out the question of estoppel, that would seem on its face to answer the question as to assignments, grants, or conveyances, which are said to be void as against a subsequent purchaser for value, without notice.

There is evidence here of the purchase for value. I would have to think as to whether or not there is any direct evidence about the problem, "without notice," of this purported agreement between Silberman and Union Slide.

Probably that would have to come in by rebuttal.

Maybe at this stage of the case it would be proper to take the evidence, and then, in orderly fashion, the rebuttal evidence, if there was any, as

(Testimony of Philip Lipson.)

to lack of notice of this would come in. But I am getting off my real point. My real point is I take it that words like assignment, grant or conveyance are words of art in the patent field, so the question arises whether the word "license" was intentionally omitted from "assignment, grant or conveyance," or whether it is some sort of a different legal animal and is not affected by those words, whether it is included or not included.

An assignment would seem to amount to all of the right or an undivided interest in a right.

Mr. Leonard Lyon: That is correct. [797]

The Court: Likewise, a grant might be the same.

Mr. Leonard Lyon: Yes.

The Court: Or conveyance. A license is an entirely different proposition. A man keeps all his right when he issues the license, he keeps his title, but he permits someone else to make use of the property to which he has a title. So it seems to me to properly analyze this problem, in addition to going into this question of estoppel and the statute of frauds, if the evidence so develops, we would have to also check the law as to whether the word "license" was intentionally left out of that section, or whether it is included within the words, "assignment, grant or conveyance."

Mr. Leonard Lyon: I understand that. But even ahead of that on that same subject would be the question of whether the evidence shows that Mr. Silberman made a personal covenant that he would not sue, or whether he granted a license that

(Testimony of Philip Lipson.)

would be good against anybody that owned the patent.

The Court: That in a way is a question of fact.

Mr. Leonard Lyon: Yes.

The Court: In a way it is a question of fact that you couldn't determine until we heard this. All right.

Mr. Mockabee: May I make just one short statement regarding recording?

The Court: Yes.

Mr. Mockabee: In the same Section 381 from which I read [798] an excerpt: "And no record of a license affects the rights of any person, for a license is good against the world, and a purchaser of a patent takes it subject to all outstanding licenses."

Your Honor, I think we can very easily show that the statute with regard to recording in the Patent Office does not include licenses. The Patent Office will record a license, but the fact of recording has no effect upon it.

The Court: All right.

Did Section 261 purport to change the law, or was it merely a re-codification?

Mr. Mockabee: That has been the law for years.

Mr. Leonard Lyon: The law in this is in this Journal of the Patent Office Society, which sets forth the Act, it also sets forth the old Act, and the reviser's notes say that Section 261, which is the new section in question, was based on Title 35, U.S. Code 1946, revised Statutes 4898, amended

(Testimony of Philip Lipson.)

March 3, 1897, February 18, 1922, August 18, 1941.
And then this observation:

“The first paragraph is new but is declaratory only. The second paragraph is the same as in the corresponding section of existing statute. The third paragraph is from the existing statute, a specific reference to another statute is omitted. The fourth paragraph is the same as the existing statute [799] but language has been changed.”

The Court: It is the fourth paragraph that we are particularly interested in.

Mr. Leonard Lyon: It is the same as the existing statute but the language has been changed.

The language before said, “An assignment, grant or conveyance shall be void as against any subsequent purchasers or mortgagee for a valuable consideration, without notice, unless it is recorded in the Patent Office within three months from the date thereof or prior to such subsequent purchase or mortgage.”

I see nothing very material in the change.

The Court: No difference except the use of words.

All right. Have you made all the types of objections that you want to this proposed testimony?

Mr. Leonard Lyon: Yes. And if the testimony can be taken subject to the objections, it will be satisfactory.

The Court: The objections are overruled, and may it be understood that the objections go to the entire line of questioning, without Mr. Lyon having

to restate his objections or to make an objection to each particular question?

Mr. Mockabee: Yes.

The Court: The objection will go to the entire line of questioning concerning this conversation.

Mr. Mockabee: Yes. [800]

The Court: All right.

Mr. Mockabee: Take the stand, Mr. Lipson.

The Court: There will be reserved to the plaintiff a motion to strike, which I trust they will make only after we further research the law. [801]

PHILIP LIPSON

a witness called by the defendant, having been previously sworn, resumed the stand and testified further as follows:

Direct Examination—(Continued)

The Court: You may proceed.

Q. (By Mr. Mockabee): Yesterday we had arrived at the point where you and Mr. Loew had met with Mr. Silberman at the Hollywood Hotel in, I believe, August of 1948. Is that correct?

A. Yes. It was the Hollywood-Roosevelt Hotel.

Q. Hollywood-Roosevelt. Did you know Mr. Silberman before that time?

A. No, I had never met the gentleman before.

Q. What occurred at the meeting with Mr. Silberman?

Mr. Leonard Lyon: I object to that, your Honor, on the additional ground that parties present haven't been identified.

(Testimony of Philip Lipson.)

The Court: Well, let us lay a foundation. Who were present?

The Witness: Mr. Silberman, Loew and myself.

Q. (By Mr. Mockabee): No one else was present?

A. Not at the beginning. It was not in Silberman's room. It was in the coffee shop where Mr. Silberman had breakfast and we sat at the table and there were some other people that later on, toward the end of the conversation that occurred, one or two of them came over and said, "hello" but there was no one present beside the three mentioned during [802] the course of the entire meeting.

Mr. Leonard Lyon: Has the date been fixed?

Mr. Mockabee: The date stated was August, 1948.

The Court: Do you know the exact date?

The Witness: I don't recall, your Honor. I believe it was the 10th and 15th of August.

The Court: All right, go ahead.

Q. (By Mr. Mockabee): Would you repeat the question?

The Court: Before you go into that, in giving a conversation tell what each party said. Don't give your conclusions. In other words a layman might say: "Well, we met and agreed to do so and so." That is your conclusion. You tell us what you said, what Silberman said and what Loew said and we will draw our own conclusions as to what happened.

The Witness: All right, your Honor.

(Testimony of Philip Lipson.)

The Court: What was said at this meeting?

The Witness: Mr. Silberman was angry and accused me of making certain statements——

The Court: What statements?

The Witness: In London, England when I demonstrated my machine.

Q. (By Mr. Mockabee): Louder, please.

A. When I demonstrated our machine in London, England representatives of Lightning Fastener, which is a branch of the Imperial Chemical Industries, visited the place where I [803] demonstrated the machine.

They made certain statements to the effect——

Mr. Leonard Lyon: I don't understand who made these statements.

The Court: Is this what Silberman said? What did Silberman say to you?

The Witness: He stated to me that I had made statements to the representatives of the Lightning Fastener in London that were not complimentary to Silberman and his invention.

The Court: All right.

The Witness: And I asked Mr. Silberman—I told Mr. Silberman that I had never met him and since the patent wasn't published until after I left for England I had no knowledge of his patent; that when these people asked me about a machine which they said was very similar to the one that we had and they had a lot of trouble in making it work efficiently, especially on square shoulder elements, and they said they were interested to see

(Testimony of Philip Lipson.)

how we managed with the square shoulder element and they asked us how does it come that Mr. Silberman——

The Court: Now——

The Witness: This is my answer to Mr. Silberman.

The Court: All right.

The Witness: I related that to him. They asked me how did it come that in our machine in some manner resembles that one which Mr. Silberman had a patent on, so I stated—I [804] related that to Silberman, that I stated to them that in my opinion there is art in this machine which is public knowledge and that it is not patentable and that if Mr. Silberman did patent it it was in error and that perhaps in reading over the patent we would see that there is a little bit taken from one invention or from many inventions and combined together.

Now, I stated that to Mr. Silberman, that that was the extent of my explanation to the representatives of Lightning and he calmed down, Mr. Silberman did, and he wasn't sore any more.

Mr. Leonard Lyon: That is a conclusion.

The Court: It is the kind of conclusion a witness can testify to. Objection overruled.

The Witness: And whereupon Mr. Silberman stated to both of us, to Mr. Loew and myself: "I sold my patent to the I.C.I. for \$650,000. I received \$150,000 upon delivery of certain machines to them and I have a guaranteed royalty of \$100,-

(Testimony of Philip Lipson.)

000 each year. When you guys go to England," and I am using Mr. Silberman's words, "and sell your machine for peanuts how will I be able to collect that money I have got coming unless I sue you. I am not going to be that foolish to sue you under my patent because you know and I know that this patent will not hold water in court. I will sue you, Mr. Loew, for conspiracy to bribe one of my employees to disclose to you matter which he was not supposed to disclose." [805]

When Mr. Silberman stated that I told him that I don't know anything about the matter of bribing or hiring as I was not a member of the firm and to my knowledge if this was done it was done before there was ever a Union Slide Fastener Corporation, whereupon Mr. Silberman stated as follows—I beg your pardon, your Honor. Mr. Loew then stated to Silberman: "You have a patent on a round shoulder element. You have adopted knowledge that you had from my patent which I disclosed to you before it was published. You have adopted that for your machine in making a square shoulder element."

I cannot relate the whole thing. They started arguing, Mr. Loew and Mr. Silberman, as to who stole from whom, but the conclusion of the thing was that——

Mr. Leonard Lyon: Now, I object to the conclusion, your Honor.

The Witness: I mean the conclusion of the meeting, not my conclusion.

(Testimony of Philip Lipson.)

The Court: Strike out the word conclusion. What happened next?

The Witness: Next Mr. Silberman stated this: "I have no objection to you boys manufacturing and using your machine or selling your machine anywhere else in the world. Go to South America. Go to Australia. Go to Mexico—operate in the United States, but do not sell any machines in England and Europe because that is where my rights to the patent are [806] asserted. I will never sue you if you do that—not under any conspiracy or the patent."

Whereupon, I stated to Mr. Silberman, I said, "Mr. Silberman, your proposition is good. I would be inclined to accept it and I believe we will accept it. There is only one thing you can help us. Your clients in London—Lightning Fastener, stated that they have difficulty in operating their machines on square shoulder elements. We have solved that problem."

During my absence in Europe where I had in demonstrating the machine—where I had an enthusiastic audience I made a lot of prospects who wanted to buy machines. During my absence in Europe Mr. Loew, on hearing of the wonderful enthusiasm didn't wait until we had bona fide orders or until the restrictions were taken off in shipping machines into Europe, but he immediately ordered the parts and started production on 10 zipper chain machines.

And now I said: "Mr. Silberman, we have no

(Testimony of Philip Lipson.)

prospects elsewhere in the world and we have tied up at least \$25,000 in these 10 machines. It would be an awful hardship for us. Couldn't you help us dispose of these machines to perhaps your client the I.C.I. Maybe they would buy five or all the 10 machines. It would help," and Mr. Silberman said, "I will try to help you out." And he said that he was going to—he was expecting the arrival of a Captain Smith within [807] two weeks and that at that time he would call Mr. Loew or myself to come to New York where we would—he would help us negotiate for the sale of these machines.

That was about the happenings at this meeting that I can recall outside of making a joke or something else which is not pertinent. I couldn't remember it verbatim.

Q. (By Mr. Mockabee): Did you prior to that meeting make a trip to Europe for the purpose of interesting prospective purchasers in your machine? A. Yes, I did.

Q. As a result of the meeting with Mr. Silberman did you do or refrain from doing anything as a result of the offer of Mr. Silberman not to sue you if you did not sell machines in Europe?

Mr. Leonard Lyon: If your Honor please, I object to the question, particularly the introduction of the question "As a result did you do certain things."

I think I am entitled to call your Honor's attention to the record in the case at this point. The deposition of Mr. Loew at page 34, which has been

(Testimony of Philip Lipson.)

offered in evidence by the plaintiff—Mr. Loew was asked this question:

“In response to that statement of Mr. Silberman’s in April of 1948 wherein he stated, according to your letter of February 4, 1952 to Mr. Lipson, that he knew his patent wouldn’t hold water and that he [808] wouldn’t enforce it against you if you stayed out of Europe, did you respond to that statement in any manner agreeing to such terms?

“A. No, we hadn’t any agreement whatsoever at that time.”

Now, this witness is asked “As a result,” which is a conclusion.

The Court: At best what Mr. Lyon is suggesting is a conflict in the evidence. The mere fact that one witness characterizes a conversation one way and another another, is only a conflict in the evidence.

Mr. Charles Lyon: They are trying to impeach their own witness by this statement here. Mr. Loew was their witness.

The Court: I don’t go along with that. A lawyer presents what evidence he has and he doesn’t vouch that each of his witnesses is going to tell a Chinese copy of the other witness’ testimony.

When that happens the Court is often inclined to think there is something amiss. It is when witnesses talk differently about things that sometimes you find the indicia of the truth.

Mr. Leonard Lyon: If your Honor followed this

(Testimony of Philip Lipson.)

witness' statement of the conversation you heard what he said Mr. Silberman offered and you heard what he said was his reply and without arguing it now, I don't think he is entitled to [809] say that he did so and so as a result of an agreement.

The Court: The question as I recall that is pending, is "As a result." You used the word "result." "As a result of Silberman's offer" and so forth "did you or did you refrain from doing anything."

Let us pass that question just for a moment and you can reframe it, counsel.

After this meeting at the Hollywood-Roosevelt Hotel did the Union Slide Fastener Company, the defendant, receive any communication from Mr. Silberman in which he withdrew this offer that he purportedly made to you?

The Witness: There wasn't any communication of withdrawing the offer. However, there was—there are some circumstances that followed this here which would enlighten the court as to what transpired.

I only related as to what transpired at that particular meeting because there was a conflict between Mr. Loew and myself as to the acceptance of this. I was for it and Mr. Loew was against it.

Furthermore there was some doubt in Mr. Loew's mind because he evidently felt guilty of something that he did and that he didn't want to disclose and he was afraid to go to New York. I was going to bring that out in the testimony.

The Court: Well, a lot of that is not going to be

(Testimony of Philip Lipson.)

pertinent, I don't believe. There was a disagreement between [810] you and Loew?

The Witness: That is right, but no machines were sold or shipped to Europe after this Silberman offer.

Q. (By Mr. Mockabee): Mr. Lipson, why did you not ship any machines or attempt to sell any machines in Europe after that time?

Mr. Leonard Lyon: I object to that question, your Honor, as calling for a conclusion.

The Court: Certainly a witness can tell why he did something.

Mr. Leonard Lyon: That is a state of mind.

The Court: Well, how would we ever know what a man's state of mind is unless he tells us.

Mr. Leonard Lyon: There is an old saying that the devil himself only knows the mind of man.

The Court: Overruled. You may answer.

The Witness: May I correct my counsel's—or, may I comment on my counsel's question. I didn't say "attempt." I said we did not sell or ship machines to Europe.

Q. (By Mr. Mockabee): Why did you not do so?

A. Why I did not sell or ship machines to Europe? Because I did not want to tread on thin ice. I was afraid—I did not know the exact proceedings.

I at that time had doubts as to the sincerity of Mr. Loew's statements to me and I was afraid that he misrepresented [811] certain facts when I be-

(Testimony of Philip Lipson.)

came a partner, and that led to certain things that in spite of what Mr. Loew—I was in charge of the office, in charge of correspondence of the Union Slide Fastener and Mr. Loew often told me to do something and I didn't say yes and I didn't say no and I didn't do it if I thought it wasn't right.

The Court: All right, go ahead.

Q. (By Mr. Mockabee): Did the offer of Mr. Silberman not sue Union Slide Fastener have anything to do with your decision not to sell machines in Europe?

Mr. Leonard Lyon: I object to that as calling for a conclusion.

Mr. Mockabee: Your Honor, if a man threatens to knock you over the head if you won't do something I think as a natural result of that offer or threat to knock you over the head is going to have a direct bearing on the subsequent action to whom it is directed.

The Court: Well, the objection is sustained as to the form of the question. You were asked by your counsel why you did not sell or ship machines to Europe. Have you given a complete answer to that question?

The Witness: Yes. I said I did not want to tread on thin ice. I wasn't sure whether the Silberman patent was good or not.

Mr. Loew claimed it wasn't worth the paper it was on. [812] I heard from Mr. Silberman himself that he—that his patent as well as Mr. Loew's, he expressed, wouldn't hold water in court.

(Testimony of Philip Lipson.)

Now, we had good prospects in Europe. I didn't know what was what so I presumably carried on correspondence with some of these prospects in Europe. I didn't deny that. But I had made up my mind and I told Mr. Loew too, that we will not ship any machines to Europe until this matter is clarified, whether Mr. Silberman's patent is right or isn't right. There was some doubt in my mind as to that.

Q. (By Mr. Mockabee): If you decided the patent was valid would you have refrained from shipping machines to Europe? A. Yes.

Q. If you had decided it wasn't very strong would you have shipped machines to Europe?

A. Not before I would have consulted Mr. Silberman and stated that to him.

Q. In other words——

Mr. Leonard Lyon: If your Honor please, I move to strike the answer as speculative and not calling for a fact.

The Court: The last answer is something that you could make something out of. You don't want to strike it out, do you?

Read the last question and answer. [813]

(Question and answer read as follows: "Q. If you decided that the patent was valid would you have refrained from shipping machines to Europe? A. Yes. Q. If you had decided it wasn't very strong would you have shipped machines to Europe? A. Not before I would

(Testimony of Philip Lipson.)

have consulted Mr. Silberman and stated that to him.'')

Mr. Leonard Lyon: He is asking if so and so happened would you have done so and so and that is speculation.

The Court: You want to strike it?

Mr. Leonard Lyon: Well, the way your Honor is indicating it I don't believe I should. You must see something in it that I don't see.

The Court: Well, it is up to you.

Mr. Leonard Lyon: I will withdraw the objection.

Mr. Mockabee: Maybe I should strike it. I will leave it in for what it is worth.

Q. (By Mr. Mockabee): Did you have prospects on a fairly good European market from the investigation you made while you were in Europe and the correspondence you had?

A. I believe so.

Q. Did the conversation with Mr. Silberman at the Hollywood-Roosevelt Hotel which you have related, have anything to do with your refraining from selling machines in Europe? [814]

Mr. Leonard Lyon: The same objection.

The Court: Sustained. I have given the witness a lot of latitude to give his reasons why he did or did not sell to Europe. He stated a lot of matters. Now you are asking him a direct question on the matter. I think you have covered it.

Q. (By Mr. Mockabee): Mr. Lipson, you mentioned some events subsequent to the meeting with

(Testimony of Philip Lipson.)

Mr. Silberman at the Hollywood-Roosevelt Hotel. You referred to some of them. Is that the complete story of the subsequent events?

A. Yes. We came—Mr. Loew and myself, when we left the meeting, were arguing about Mr. Silberman's proposition, and my agreeing to it, because I did make that an acceptance.

The Court: That may go out. That is your conclusion whether or not you accepted it. Your statement in the record was that you said to Silberman, "Your proposition is good, I believe we will accept it, but there is only one thing," and you went ahead and told him about these machines?

The Witness: Yes.

The Court: All right.

The Witness: I asked him whether he would help me.

When we left, Mr. Loew accused me of making a statement, which he may not have agreed to. He said he doesn't agree to, because—may I state what Mr. Loew told me?

The Court: I don't think we are concerned with what you [815] or Mr. Loew thereafter said. You have already stated—I let you state that you and he were in disagreement.

The Witness: We were in disagreement.

The Court: That ought to cover it.

Mr. Leonard Lyon: I don't think it has been brought out, your Honor, what the capacity of

(Testimony of Philip Lipson.)

these two men were at this conversation, what authority each one of them had.

The Court: At the time of that conversation, what was Loew's capacity with the company?

The Witness: Officially he was president. There was a situation in the Union Slide Fastener Company which was rather unique. The Union Slide Fastener, Inc., was presumably a corporation, but it had never transferred assets to the corporation. It had no charter to issue stock. This was sort of more like a dormant corporation. Officially Mr. Loew was president. I wasn't even an officer in the corporation at the time.

Mr. Mockabee: Your Honor, I believe that we can consider that all reference to associations between Mr. Loew and Mr. Lipson occurred during the time they were in association in the Union Slide Fastener Company, and the only reference to activities of Loew, other than during that time, was at the time of the Loew deposition, and subsequent to a considerable amount of discussion, disagreement, and the break-up between Mr. Loew and Mr. Lipson. [816]

The Court: Counsel, your statement is not evidence, and the witness is just now telling us—see if I understand it. There was a dormant corporation, no permit to issue stock, and the assets had actually then been owned by the Union Slide Fastener as a fictitious name, I suppose, which was going to transfer, eventually, to Union Slide, the corporation?

(Testimony of Philip Lipson.)

The Witness: The Union Slide—I am not familiar with corporation law—it had a charter to the name, but in order to issue stock, as I understood, it had to transfer the assets and show a value of the assets. One of the reasons why we couldn't do that was it was a peculiar way that I entered into that business.

The Court: We understand that. No permit had been issued, and no stock had been transferred, nor had the assets been transferred to the corporation.

The Witness: That is correct.

The Court: All right. Who held the assets? Was it yourself and Loew in some business arrangement between the two of you?

The Witness: We had an agreement that I was 50 per cent shareholder in the business; according to what my accountant told me we were apparently a partnership, or he called it a dormant corporation.

The Court: And you previously had bought a 50 per cent interest in the business? [817]

The Witness: According to a bill of sale, yes.

The Court: All right.

Mr. Leonard Lyon: And Mr. Loew the other 50 per cent?

The Court: Did Mr. Loew have the other 50 per cent?

The Witness: Mr. Loew and his wife, and my wife and myself, were supposed to be the partners in the business.

(Testimony of Philip Lipson.)

Mr. Mockabee: Your Honor, I made my statement, just to try to clarify things a little bit. Is it not true——

The Court: This seems very clear to me, unless there is some objection to it, unless you want to go further into it.

Mr. Mockabee: I was just making the remark that all through the testimony any reference to activities of Mr. Loew and Mr. Lipson——

Mr. Leonard Lyon: I wonder if the witness should be instructed to bring in the partnership agreement which he says was in writing, or the agreement that he says was in writing between him and Mr. Loew. I still think it might become material as to who had the right to bind this interest, whatever it was, in any agreement with Mr. Silberman.

The Court: All right. Just a minute. Let Mr. Mockabee complete his statement, which he never has had a chance to complete, which he thinks is important.

Mr. Mockabee: That is all right. I will continue.

The Court: All right.

Mr. Witness, do you have any of the documents on this [818] deal that you had with Loew?

The Witness: I am trying to locate them, your Honor. They were given at one time to an attorney in some litigation between Mr. Loew and myself, and the next time they were given to another attorney who was trying to get some financial aid

(Testimony of Philip Lipson.)

to our business, he was also trying to get some people interested in this litigation that is proceeding now, to help me, and I am trying to locate this. In either case they told me that they had returned it to me.

The Court: If you can find them, bring them in.

The Witness: I will, your Honor.

The Court: Let me ask this further question.

At some subsequent date was stock issued in the corporation to you and your wife?

The Witness: Yes, your Honor.

The Court: Do you know about what date that was?

The Witness: That was in 1949, your Honor.

The Court: At that time was 50 per cent of the stock issued to you and your wife?

The Witness: Yes, your Honor.

The Court: And I take it——

The Witness: May I correct myself?

The Court: Yes.

The Witness: There was 40 to myself, 40 to my wife, and 20 to my children. [819]

The Court: That would be 60?

The Witness: 40, 40 and 20.

The Court: That would be 100?

The Witness: Yes.

The Court: At that time was there any stock issued to Loew?

The Witness: Mr. Loew was no longer with the company.

The Court: So by the time the stock was issued

(Testimony of Philip Lipson.)

to you, you and Loew had split up?

The Witness: That is correct.

The Court: So you and your family got all the stock?

The Witness: That is correct, your Honor.

The Court: What date was it that you and Loew split up?

The Witness: March 21, 1949.

The Court: Go ahead.

Mr. Mockabee: Your Honor, regarding the necessity of trying to dig up this agreement, which Mr. Lipson has been trying to find, I think it is a matter of record and stipulated that defendant's Exhibit P, letters and copies of letters in a series, regarding the visit of Mr. McKee to inspect the machinery of Union Slide Fastener, shows clearly that the plaintiff was corresponding with and dealing with Union Slide Fastener, Mr. Loew and Mr. Lipson, all as one and the same entity as far as they were concerned.

The Court: Well, I don't attach much significance to [820] this, unless you want to insist upon it being dug up, Mr. Lyon, for this reason: I haven't read the Loew deposition, but I take it that we will find that Loew and Lipson went to this conference. Now, if Loew only went to the conference as a mechanic, an employee, to advise—pardon me. If Lipson only went to the conference as a mechanic or mechanical advisor to Loew, undoubtedly he wouldn't have participated in this conversation. Regardless of what the conversation

(Testimony of Philip Lipson.)

was, both Loew's testimony and Lipson's will show that Lipson participated and took a part in it.

Mr. Leonard Lyon: Yes.

The Court: If that is true, the only inference is that he had something to say about the company.

You wouldn't have a hired man stick his nose into——

Mr. Leonard Lyon: Yes, but as I understand the witness' testimony, Mr. Loew did not agree to make the agreement, that the witness is trying to say was made. And here were two men and they had apparently equal say. I think the court has got to decide whether under those circumstances there is one item in this—could there have been an agreement?

The Court: You have a very good point. That is a matter for argument. I don't have to decide these as I go along.

Mr. Leonard Lyon: All right.

Mr. Mockabee: Your Honor, I believe from our standpoint it is not so much a matter of showing the consummation of an [821] agreement at the time of that meeting, but the fact that the defendant refrained from selling in Europe was the important fact in the following through, in reliance upon the offer of Silberman at the time of that meeting.

The Court: Let me ask this question, then.

You carried on correspondence with these contacts in Europe for a while?

The Witness: Yes, your Honor.

(Testimony of Philip Lipson.)

The Court: Did you carry those contacts on after March 21, 1949, after Loew split up with you?

The Witness: In a restraining way, your Honor. I was trying to put the brakes on. May I recite one instance that will illustrate this clearly, as to Mr. Lyon's objection as to my authority and Mr. Loew's authority? That would clear it up if I was permitted to state that.

The Court: You state it, and if it is not proper we will strike it out. I don't know what you are going to state.

The Witness: I was in charge of the office, I had been a businessman for many years, Mr. Loew had never been in business for himself, except as an engineer working for somebody else. He recognized my experience in business and in making agreements. He only criticized me why I accepted that or stated it in the manner that I did. Now, there was a point that two or three weeks later we received a letter from a [822] company in Germany called Nagele Company.

The Court: Spell it.

The Witness: N-a-g-e-l-e. The Nagele Company was considered to be the granddaddy of European zipper machinery. They had made machinery, which I believe counsel for the plaintiff has stated was cumbersome, and so on. We received a letter from them stating that they wanted five machines. They themselves hadn't seen our machines, because they were not invited, but they had had representatives of theirs, indirectly, they were connected with

(Testimony of Philip Lipson.)

some other companies in other European countries, that they had had a report on our machine, they were interested to buy five machines for their own factory, and whether we would be interested if they would become our agents for European countries and elsewhere, because they had good prestige in the zipper industry.

Now, Mr. Loew stated that I should write a letter to them stating the price and giving the dates of deliveries. And I didn't disagree with him, but I didn't write the letter.

Two weeks later Mr. Loew comes to me, "We ought to have a letter from Nagele."

At that time I couldn't stomach the—maybe you will strike it out, but I will say it—the two-facedness from Mr. Loew, and I told him that I didn't write this letter and I won't write it. "If you want to do business with Nagele, you do it on your own hook, but a company that I am in partnership [823] with will never do business with Nagele."

That was one of the things that caused the rift, because I believed that in business you have to uphold principles regardless of things, Mr. Loew believed that you could do anything as long as you make a profit. And that was the main basis of the disagreements between Mr. Loew and myself, and we parted in not a friendly manner.

When Mr. Loew gave the testimony on this deposition, he had promised that he will give it in a truthful manner if I release him of certain things where we had some litigation between us, and he

(Testimony of Philip Lipson.)

had promised that he will help me to settle this Talon case. When it came to the deposition, I would say that Mr. Loew spoke from both sides of his mouth.

The Court: All this reference to the deposition may go out. It will be stricken.

Q. (By Mr. Mockabee): Mr. Lipson, up to the time you and Loew split or severed your business connection, you had not sold any machines in Europe, is that true? A. No.

Q. After the split with Mr. Loew, and the present corporation was formed, have any machines been sold in Europe?

A. We have not sold any machines. The corporation, or the firm prior to the corporation, has not sold any machines to Europe, or England, since that meeting with Mr. Silberman, and up to date.

The reason that I had made that statement, when you said attempted to sell, many of European manufacturers had branches or financial connections with factories in South America or Africa, or Australia, and in conducting correspondence with them and outlining our machine, we stated to them that our machine is a double header machine of that type, and in most cases I stated to them that we are restricted in the selling of this machine, that we cannot sell in Europe. And our object in answering those letters was only to the effect that we might—that a sale might materialize in other countries.

The Court: This reference about these letters

(Testimony of Philip Lipson.)

will go out. If you have got any letters of that sort, you bring them in.

The Witness: I do.

The Court: All the testimony about letters that you wrote and what they contained will be stricken.

Q. (By Mr. Mockabee): Mr. Lipson, I made reference a few moments ago to Defendant's Exhibit P, a series of letters between plaintiff and defendant and various members of both organizations, in which plaintiff suggested that defendant might be infringing certain of plaintiff's patents, and requested an opportunity to inspect the machinery in defendant's plant. Do you recall that correspondence and that period during which it occurred?

A. I noted from the deposition that there are two [825] letters of which I didn't know until the deposition was taken. They were withheld from me. The first one——

Q. Those letters are now in evidence, Mr. Lipson.

A. May I see them? I haven't got the deposition.

Mr. Mockabee: I think the clerk has them.

The Clerk: Which two?

The Court: We will take our recess. You may look them over.

I take it you are going into another subject matter now?

Mr. Mockabee: Yes.

(Recess taken.) [826]

The Court: You may proceed.

Q. (By Mr. Mockabee): Mr. Lipson, I refer you

(Testimony of Philip Lipson.)

to Defendant's Exhibit P, and in the back of that deposition are copies of correspondence I just referred to.

The Court: The deposition is Q.

Mr. Mockabee: I beg your pardon.

The Court: Somebody on their copy has put an erroneous number on it.

Mr. Mockabee: Oh, I think it was used at the time of the deposition, the letter O.

The Court: You are referring to Exhibit Q. As I recall it these letters went into evidence separately and were given separated exhibit numbers. Go ahead.

Mr. Leonard Lyon: Is there a question pending?

Mr. Mockabee: Not yet, no.

Q. (By Mr. Mockabee): Do you recall the receipt of Exhibits Q-1 and Q-2?

The Clerk: P-1 and P-2.

The Court: It is Q. The Exhibit Q and not P.

The Clerk: I thought he was talking about the letter, pardon me.

The Court: The exhibit is Q.

The Clerk: The Exhibit is Q.

The Court: And I take it the letters are in the Q series. [827]

Mr. Mockabee: I think we gave the letter P to the series of letters and the letter Q to the deposition.

The Witness: Here are the letters, your Honor.

The Clerk: The deposition hadn't been offered at that time.

(Testimony of Philip Lipson.)

The Court: All right.

Mr. Mockabee: Then I will refer to them as P-1 and P-2 dated May 17, 1947 and June 16, 1947 respectively.

Q. (By Mr. Mockabee): Do you recall the receipt of the first letter, P-1, by Union Slide and its response P-2?

A. The first letter is dated May 17, 1947. That is P-1. It is from Evans & McCoy, patent lawyers, Bulkley Building, Cleveland 15.

Q. Mr. Lipson, the letters are in evidence.

The Court: Do you recall the receipt of it or was that before you were with the company?

The Witness: That was before I was in the company.

The Court: The reply, Exhibit P-2, dated June 6th was also before you were with the company?

The Witness: No, I was in the company already but the, first letter and the reply was withheld from me for—I did not know about it until a later date.

Mr. Charles Lyon: If it is any materiality, your Honor, I think the record should show that no one has testified that Exhibit P-2 was ever sent. Mr. Loew did not testify [828] it was sent. He did not know whether it was sent or not and the records of our company do not show the receipt of any such letter.

Mr. Mockabee: Is an objection being made to Exhibit P-2?

Mr. Charles Lyon: I am just pointing that out.

(Testimony of Philip Lipson.)

There is no testimony in this case that any such letter as P-2 was sent.

The Court: That is information for the benefit of the court. He is simply calling my attention to it. Let us go ahead.

The witness has said he knew nothing about either of the letters until some later date.

Q. (By Mr. Mockabee): There is a letter, Exhibit P-4, which was apparently written by you personally to Evans & McCoy dated September 23?

A. Yes, I have that letter before me.

Q. In that letter you state to the best of your knowledge you do not employ any methods of operation similar to those of Talon. On what did you base that statement?

A. I based that statement on the information given me by Mr. Loew.

I personally didn't know much about zippers at that time. I had just been in the company a short while.

Q. What was your understanding of the situation with regard to the charge of infringing—

Mr. Leonard Lyon: I object, your Honor. He couldn't have any understanding of it.

The Court: Sustained. He said he merely based it on information from Loew.

Q. (By Mr. Mockabee): I refer you to Exhibit P-5, a letter from Evans & McCoy dated September 26, 1947.

A. Yes, I have that before me.

Q. There is a list of five patents specified by

(Testimony of Philip Lipson.)

Mr. McCoy as being the subject of the exchange of correspondence and the claims of each patent are set forth opposite the identification of the patent.

In the patent numbers do you find either of the patents in suit?

Mr. Leonard Lyon: I think that speaks for itself.

The Court: '017 is there. It speaks for itself. Go ahead.

Mr. Leonard Lyon: And at that time, your Honor, the plaintiff didn't own the Silberman patent.

The Court: That is right.

Q. (By Mr. Mockabee): In your letter of November 20th, Exhibit P-7, you state that Union Slide Fastener was operating under a license from Universal Button Company. Do you have that license?

A. Is that in the second paragraph?

Q. That is in the third paragraph. [830]

A. Yes, I see the third paragraph.

The Court: The question is do you have that license that you are talking about?

The Witness: That license was not issued to the Union Slide Fastener Company. That was a license to Mr. Loew. That license was later on shared by Mr. Loew and myself and assigned to Union Slide Fastener Company—the right to use that license.

Th Court: Do you have the license? That is the question.

The Witness: The license is together with a photostatic copy, together with those papers that I

(Testimony of Philip Lipson.)

am looking for, the agreement papers. The original is owned by Mr. Loew.

Q. (By Mr. Mockabee): And I believe the testimony shows that Mr. Loew is in Israel and not available.

Was the license referred to in Exhibit P-7 any part of the consideration of your entry into business with Mr. Loew? A. Yes.

Mr. Leonard Lyon: Did you say yes or no?

The Witness: I said yes.

The Court: Well, if you can't find the license can you tell us what the patent was that it was licensed under?

The Witness: It was under the Loew patent.

The Court: The Loew patent, which is Exhibit O, this exhibit here?

The Witness: Yes, your Honor.

The Court: That time that you are talking about is the date of the letter of November 20, '47, the Loew patent hadn't issued, it wasn't issued until July 6, '48.

The Witness: There was a license under a pending patent. The license had been assigned to——

Mr. Leonard Lyon: I call your attention to the fact that the patent was actually issued on July 6, 1948, to Mr. Loew, and this is supposed to be a license from the Universal Button Company.

The Court: Yes. What do you say about that?—How did Universal Button get into it?

The Witness: Mr. Loew was an employee of

(Testimony of Philip Lipson.)

Universal Button Company at the time the patent was applied for. It was applied in his name, and before he terminated his employment with the Universal Button Company, he had sold this patent or assigned it to them, taking in return a license to operate 20 machines under this patent.

The Court: So that Universal Button owned the patent?

The Witness: The pending patent.

The Court: The pending patent, and later on the patent?

The Witness: That is correct.

The Court: And Loew had a license to operate 20 machines? [832]

The Witness: Yes, 20 machines under this patent.

Q. (By Mr. Mockabee): I refer you to Exhibit P-10, letter from Evans & McCoy of January 20, 1948, stating that Mr. McKee would be on the West Coast within the next few months and would arrange at that time for an inspection of Union Slide Fastener Company's equipment. Did Mr. McKee make such a visit to the plant? A. Yes.

Q. Will you state briefly what occurred at the time of his visit?

Mr. Leonard Lyon: If your Honor please, this apparently is evidence being offered under paragraph K of the defendant's answer, amended answer, in which defendant pleads that on the occasion of the visit with Mr. McKee he stated to the defendant's representatives that the machines and

(Testimony of Philip Lipson.)

the methods employed by the defendant did not infringe any letters patent owned by the plaintiff. The witness has been asked to just state briefly what happened on this occasion of this meeting. I am going to ask—I don't want to be captious—that the same scrutiny and the same protection be accorded his examination in regard to this subject as in connection with the previous conversations with Mr. Silberman. Because here, again, Mr. Loew was present, and Mr. Loew in his deposition, which has been offered by defendant, stated that there was no such statement made by Mr. McKee. [833]

So I want to be careful in this witness not just stating briefly something, but stating what the actual conversation was.

The Court: All right. Of course, two witnesses may give different testimony, but the court will compare the testimony of Loew and of Lipson.

Now, again, don't give us your conclusions. Tell us what you said to Mr. McKee and what McKee said to you.

Mr. Mockabee: If the court please, I think counsel for the plaintiff will have the proper opportunity at the proper time to make these comparisons, rather, than interrupting the chain of our questioning.

The Court: Let's go ahead.

Mr. Mockabee: Have you answered the question, Mr. Lipson?

The Witness: I don't remember what the question was.

(Testimony of Philip Lipson.)

The Court: Read it, Mr. Reporter.

(The question referred to was read by the reporter, as follows: "Q. Will you state briefly what occurred at the time of his visit?")

The Witness: Mr. McKee arrived at the factory while I was there, and Mr. Loew was there. I don't remember whether he arrived by taxi or otherwise, but he arrived, and he came in and we exchanged a few greetings and pleasantries, and then [834] Mr. Loew stated that he was going to take Mr. McKee through the plant. Mr. McKee was acquainted with him, I understand, or it was told to me. I remained in the office. And after an interval of about a half hour or so I heard Mr. McKee and Mr. Loew entering an adjoining office, to which the door was open. My office was the main office of the building, and an adjoining office was one that was used for a drafting table, for keeping drawings, and I heard them discuss a machine that was being designed by us to manufacture No. 2 zippers, that is a feather-weight zipper, a very light zipper. I heard Mr. McKee state to Mr. Loew that he would be interested in that particular machine for No. 2 zippers, because his company wasn't satisfied with the method they used for manufacturing that feather-weight zipper. And Mr. Loew promised to send him the information as to the speed and the manner in which it operates, as soon as the tests are completed.

The Mr. Loew during that conversation asked Mr. McKee, "What is your opinion of our machines? Do you think that they infringe on your patents?"

(Testimony of Philip Lipson.)

And Mr. McKee said that his personal opinion was that he didn't see any infringement of any of the Talon patents held.

They continued the conversation I wasn't in that office, but I heard it—they continued talking about various other problems in the zipper industry, and a few minutes later they came into the office where I was sitting, and I got [835] up and we discussed, and I wanted to make sure as to what the opinion was, and I said to Mr. McKee, "I heard you were interested in our No. 2 machine, and I heard your conversation in the other office, and I am glad that you see that we are not trying to do something which isn't right," or words to that effect.

After that Mr. McKee left.

Mr. Leonard Lyon: I don't think it has been fixed, your Honor, whether Mr. Loew was present in this conversation that was supposed to have taken place in the witness' office.

The Court: This latter part of the conversation, was Mr. Loew present?

The Witness: Yes, Mr. Loew was there. I couldn't recall whether he stepped out for a few minutes or not, but he brought him in, and whether he stepped out for a few minutes or not I cannot recall that. I know he was there when Mr. McKee left.

Q. (By Mr. Mockabee): As far as you can recall, Mr. Loew was present, is that true?

A. That is correct.

Q. This visit of Mr. McKee was when?

(Testimony of Philip Lipson.)

A. In April 1948. It was either the early part of April or perhaps the end of March.

Mr. Charles Lyon: We agreed in the deposition it was [836] April 15, 1948. See page 18 of the deposition of Loew.

Q. (By Mr. Mockabee): Did anyone else from plaintiff's organization make any inspection of Union Slide Fastener Company's machines prior to the filing of suit?

A. Not to my knowledge.

Q. Do you ordinarily permit visiting and inspection of your plant? A. No.

Q. After the statement of Mr. McKee that you were not infringing plaintiff's patents, did you rely upon that statement in your operations after that time?

Mr. Leonard Lyon: I object to that as calling for a conclusion, your Honor.

The Court: Objection overruled. You may answer yes or no, and then tell us what that reliance consisted of.

The Witness: Yes, we did.

Q. (By Mr. Mockabee): What did you do?

A. We continued manufacturing on the machines we were using at that time. They were the double header chain machines.

Q. Did you expand your facilities at all?

A. Oh, yes, we did.

Q. In what manner?

A. We produced more machines, we installed

(Testimony of Philip Lipson.)

other equipment for the assembling of the zippers, we expanded our [837] facilities in general. Mainly we added other machines to it, other zipper chain machines.

The Court: You would have expanded and continued your manufacturing anyhow, if McKee had not made the visit, would you not?

The Witness: Except for one thing, your Honor. This visit happened shortly after Mr. Loew and I were in partners. Had Mr. McKee stated to me that we were infringing on the Talon patent, I would have instituted immediately suit against Mr. Loew to return the money I invested and the money I paid for the patent. And the reliance on the statement that Mr. McKee made not only assured me that I can continue, but has also been a factor in the matter that I purchased out Mr. Loew's interest in the business later.

Your Honor, I certainly would have been a very moronic businessman had I bought out a share in a business that was infringing on Talon patents, and later on, as was the case, Silberman's patent.

The Court: Would you have taken McKee's word for it as if he were the Supreme Court, to decide whether patents were infringed or not?

The Witness: When the man is the vice president of corporation, and he is sent to our company to see whether we are infringing or not, and I received a letter from the corporation that he was the man to inspect it, and I naturally [838] expected

(Testimony of Philip Lipson.)

this man to be an authority on it, and when this man who is the vice president of Talon tells me that in his opinion we are not infringing, and as a matter of fact he later in a subsequent transaction, he helped our company to test that No. 2 machine by sending—that happened during my trip to Europe, but there are letters to substantiate it—he helped our company, he sent us some tape, it is a special tape that is used only on No. 2 zippers, which we couldn't obtain, he sent us that to test that machine in which he was interested.

The Court: Well, let's pass the No. 2 machine for a minute. You told us what your position was when he told you you did not infringe. But suppose he told you that you infringed, do you mean you would have immediately folded up without further inquiry than merely his word that you were infringing? [839]

The Witness: Well, I would have taken steps with a patent attorney to find out and if I had found out that we were infringing and there would be no sense in my paying a large sum—I understand I am not supposed to state what it was, the sum of \$20,000 for sharing in a license to a patent which was supposed to give us the right to work.

The Court: Well, now, wait just a minute. But you subsequently did make an investigation as to whether or not you infringed?

The Witness: Only——

The Court: Before the trial of this action.

The Witness: Yes, I did.

(Testimony of Philip Lipson.)

The Court: And you decided that you did not infringe?

The Witness: That is correct, your Honor.

The Court: So if you had made the same inquiry after McKee's visit, had he told you that you did infringe you would, I assume, have arrived at the same conclusion that you did not infringe?

The Witness: The only thing, your Honor, is that the burden of standing the cost of such investigation would have been upon Mr. Loew.

The Court: What I am getting at is this. The fact you say you expanded and continued to operate, I am asking you if it isn't a fact that you would have done both of those things even if McKee had told you you were infringing? [840]

The Witness: No,—not until I was sure that we didn't.

The Court: But you have since made that investigation?

The Witness: Yes.

The Court: And you since decided that you didn't infringe either of the Poux patent '017 which was then in existence——

The Witness: That is right.

The Court: And you since decided you did not infringe Silberman '793?

The Witness: That is correct.

The Court: Now, had you made the same investigation earlier isn't it logical you would have arrived at the same conclusion as to the Poux patent '017?

(Testimony of Philip Lipson.)

The Witness: That is correct.

The Court: And isn't it logical you would have gone ahead and continued the business and expanded even though he told you you did infringe?

The Witness: That is correct.

The Court: All right.

Q. (By Mr. Mockabee): Did you receive any communication in any manner from plaintiff subsequent to Mr. McKee's visit to your plant until the time of the filing of the complaint?

A. The only evidence offered was a letter from Mr. McKee and a piece of tape which I have seen at our shop when I returned from Europe. [841]

The letter was received from him during my absence in Europe and I read that letter but I cannot testify that I received it.

It was in the files of the corporation and I believe it is in evidence here. At least it was attached to my copy.

The Court: Is the letter in evidence? It is dated June 22nd, I believe.

Mr. Mockabee: It is attached to the original deposition, I believe. I don't know that it is admitted in evidence.

The Witness: It is marked here Exhibit P-9 and is dated June 25, 1948.

Q. (By Mr. Mockabee): That letter, Mr. Lipson, does not make any reference to the question of infringement which had previously been raised, does it? A. No.

(Testimony of Philip Lipson.)

The Court: What was the number of that letter—the Exhibit number?

The Witness: P-9, your Honor.

The Court: Now, this zipper machine or No. 2 featherweight zippers that you were building in the plant and McKee saw, was that generally similar except for the fact it worked on a smaller zipper, to other of your machines at the Union Slide?

The Witness: That is correct. But to correct the impression, your Honor, the machine was in the planning stage [842] on the board. It was not built yet.

The Court: But it was the same as your other machines as of that date?

The Witness: That is correct, yes.

Q. (By Mr. Mockabee): I will ask you if you can recall a meeting held in Los Angeles of the plaintiff sometime during 1949, between plaintiff's representatives and local slide manufacturers—slide fastening manufacturers? A. Yes, I do.

Q. Can you pinpoint down the date more accurately than that?

A. Yes. It was September 29, 1949.

The Court: Held in Los Angeles office of Talon?

The Witness: Yes.

Mr. Leonard Lyon: But the question was in the presence of officers of Talon. They were the sales representatives out here. They are not officers of the Talon company.

Mr. Mockabee: I don't know that I said officers. I said representatives.

(Testimony of Philip Lipson.)

The Court: He said representatives.

Mr. Mockabee: Who was present at that meeting?

The Witness: A Mr. Jager who represented himself as the district salesmanager of Talon, Inc.

Mr. Detweiler, who represented himself as the local salesmanager. [843]

Mr. Isadore Napp——

The Court: N-a-p-p or K-n-a-p-p?

The Witness: No, no, it is N-a-p-p.

The Clerk: And I think the Jager is spelled with a J, too.

The Court: All right, go ahead.

The Witness: And his brother-in-law and partner Mr. Bogash.

The Court: Who were they?

The Witness: They were representatives of a firm called Roxy Company, manufacturers of stream-lined zippers.

The Court: Who else was present?

The Witness: Mr. Eisenberg, the representative of California Slide Fastener, Inc. and myself, Philip Lipson, representative of Union Slide Fastener, Inc.

Q. (By Mr. Mockabee): Who presided at the meeting?

A. I don't know if you would call it presided, but Mr. Jager opened the meeting and made the initial speech.

Q. Who was it?

(Testimony of Philip Lipson.)

A. He was at the head of the table so to say, and the others were at the side.

The Court: This man you call Jager, is that spelled J-a-g-e-r?

The Witness: Yes, J-a-g-e-r. I pronounce it maybe the German way. [844]

Q. (By Mr. Mockabee): What did he say in his opening speech?

Mr. Leonard Lyon: I don't know if he made an opening speech.

Mr. Mockabee: The witness said he did.

The Court: The witness said he made an opening speech.

The Witness: He stated that he was going to be brief about it.

He stated that conditions in the zipper industry are not the way he wanted them to be; that the Talon company had recently reduced the price of their skirt zippers, which is a No. 3, 7 inch length zipper, to five cents from its previous price which, I believe, was somewhere around seven cents. I am not sure of that.

That the reason they did that was to recapture the market in shirt zippers which they had practically lost to the smaller manufacturers.

That as long as the smaller manufacturers sold these zippers for four and a half cents, which is a half cent below the reduced Talon price, they did not mind it at all because by virtue of their advertising and their known name, their reputation, they

(Testimony of Philip Lipson.)

can always get a half cent more than the other small manufacturers.

But it had come to his attention that small manufacturers were giving hidden discounts and he explained it, that you [845] put on your invoice, bill, seven-inch zippers at four and a half cents and put down the terms as two per cent 10 days EOM, which means end of month. But that you permit the manufacturer to deduct the 10 per cent from his remittance on net and he called that a hidden discount.

That another form of hidden discount was to put in 110 zippers into a box marked 100 and that the customer would know and would be told and that was equivalent to giving him a, roughly, a 10 per cent discount.

That in doing that they were defeating the purpose that Talon had made in reducing their zippers to five cents and that in the eastern states the Talon company had brought out and was pushing the sales of a zipper under the name "Wilzip."

The Court: How do you spell that?

The Witness: W-i-l-z-i-p, I believe.

Mr. Mockabee: That is correct.

The Witness: And that this zipper in the east was sold at three and a half cents and sometimes even for three cents; and that his home office wanted Mr. Jager to bring that zipper into the West Coast area and that he could not restrain them from doing it although he personally didn't like it.

(Testimony of Philip Lipson.)

But that the matter of pushing that zipper and the matter of the price at which it will be selling depended on whether the small manufacturers would clean house—if they would stop giving discounts or selling below four and a half cents [846] under any pretext.

Then he said: “You fellows know what happened to the small eastern manufacturers when Talon brought their Wilzip zipper out and sold it at a lower price.”

He said a few more things that he himself didn’t like it and even though he had to bring the zipper in that it would be his policy not to push it or to refrain from selling it like offering it.

He mentioned those like offering those to those who wanted to buy Wilzip zippers and that they would have to come from the home factory and be shipped.

He also stated things that they may offer it just in certain colors or lengths and that the manner in which they offer it and whether they push the sales or whether they refrain from it depended on whether they could sell a lot of the other zippers under the Talon name at five cents.

That is the gist—what Mr. Jager said.

Is that what the question was?

The Court: Yes.

Mr. Leonard Lyon: Pretty late to find out.

Mr. Mockabee: That is correct, Mr. Lipson.

The Witness: The answer was yes.

Q. (By Mr. Mockabee): Did you engage in

(Testimony of Philip Lipson.)

practices referred to by you as hidden discount practices?

Mr. Leonard Lyon: I object to this as immaterial in [847] this case. The entire transaction had nothing to do with the patent situation and the defendant is not a public prosecutor and I don't know how there is any injury shown to the defendant or claimed by the defendant by this meeting.

If there is anything wrong about the meeting then the deposition of the other witness will show to the contrary.

The Court: Overruled.

Mr. Leonard Lyon: It would be a matter for the Attorney General. It wouldn't be a matter for this proceeding.

The Court: Much of what you say is true but it may have some bearing on some phases.

Answer the question yes or no. Did you engage in any of these hidden discount practices at that time?

The Witness: No.

Mr. Mockabee: I might state it is the defendant's position that the plaintiff has engaged in a number of or several at least, activities which we maintain are an attempt improperly to dominate the zipper industry and that this is one in the chain of events.

The Court: I understand your position and I overruled the objection.

I didn't complain about this coming in because this in itself wouldn't be a defense against the

(Testimony of Philip Lipson.)

plaintiff nor a cause of action or as a part of your counterclaim.

This might, however, have some bearing on trying to [848] determine what Talon's intent was in certain other of its activities.

Then of course it probably comes under the so-called "bad boy statute," where you tried to show somebody has been a bad boy and therefore everything else he did was wrong.

But the court will try to sort out what is proper and what is not proper.

Is that all of that meeting?

The Witness: Oh, no.

The Court: Was an agreement arrived at?

The Witness: No, no, there was no agreement arrived at.

Q. (By Mr. Mockabee): Will you proceed with anything else you can recall?

The Court: Are we interested in any more of this?

Mr. Mockabee: If it relates to the question of maintenance of prices in Southern California——

The Witness: Yes, it does.

Q. (By Mr. Mockabee): Will you proceed?

The Witness: Your Honor, if I may state before this meeting was called to order I arrived about 20 or 25 minutes early and I had a discussion with Mr. Jager personally prior to the meeting.

He told me the gist of the things that the meeting was about and I had asked him plainly: "Did you

(Testimony of Philip Lipson.)

find any of these practices by our firm?" And he stated no. [849]

But he said, "I can't say the same thing about the other gentlemen."

Now then we, after Mr. Jager made the speech and Mr. Napp of Roxy stood up and he said that he had been for 13 or 14—I don't remember the exact number of years, in the zipper business in Los Angeles and that he wasn't going to have anyone tell him what he should do or what he shouldn't do and that if Talon would sell their zippers at three cents he would sell it for two and a half and if they sold it for two and a half he would sell it for two cents.

But fortunately he wasn't depending on the zipper business to make a living because he stated he had a gold mine and he had some other interests.

After Mr. Napp stated that Mr. Eisenberg—no, I myself made the next statement.

I stated that we had difficulty in maintaining the quality of our zippers; that shortly prior to that I had taken over the control of a company that was noted prior to that for making a zipper that you couldn't sell to a customer twice—once was all, and that I had improved that zipper and I just recently finished these improvements at a great cost and that we were anxious to overcome the bad taste in some of our customers' mouths by offering a zipper that was even smoother than the other zippers offered and that, therefore, we had difficulty in being able to manufacture [850] a skirt zipper at four

(Testimony of Philip Lipson.)

and a half cents even; that at best we were breaking even, let alone selling at 10 per cent below.

I said that I certainly would be sorry to see a price war started but that if it came I would have no alternative but to meet the price. That was my answer to Mr. Jager. [851]

And Mr. Eisenberg, who was more or less pinpointed as the culprit in the matter of chiseling stood up and he said something in the same manner, something to the same effect, that he will sell—that he doesn't like a price war, and that he will meet competition if Talon brings the Wilzip zipper in and sells it at 3 cents, or whatever it was.

After that there was a general discussion. Mr. Detweiler hadn't said anything except when the meeting started to discuss generally, and then there was the usual arguments, each one accusing each other, but one point—nobody accused me of doing any of the dirty stuff. And after that the meeting ended.

Q. (By Mr. Mockabee): Getting away from the price war, price cutting, hidden discounts, and so forth, do you definitely recall Mr. Jager threatened to introduce Wilzip at a much lower price than the prices then in existence in Southern California, if the Southern California manufacturers did not maintain a four cent price?

A. Four and a half cents.

Mr. Leonard Lyon: I object to it as leading and suggestive.

Mr. Mockabee: He has already testified.

(Testimony of Philip Lipson.)

The Court: Then, sustained. It has already been covered.

Mr. Mockabee: I wanted to straighten it out a little bit.

Q. (By Mr. Mockabee): Were the Southern California manufacturers [852] actually brought into agreement upon a minimum price?

A. No.

Q. Was Wilzip introduced in Southern California? A. Yes, it was.

Q. Do you know about when it was introduced, from your knowledge?

A. I don't remember the exact date. And whether it was introduced on a broad scale or not, I couldn't say, because a few months after that the Korean police action or whatever you want to call it started, and it eliminated any possibility of chiseling, because of the fact that every customer was wanting to buy 50 times the amount of zippers that he was buying, and then when everyone placed orders that were 100 times the capacity of any manufacturer to produce there would be no reason for chiseling.

Q. Did Wilzip appear on the market after the Korean business?

A. No, Wilzip disappeared, to the best of my knowledge, suddenly disappeared from the market when the Korean war broke out.

Q. Have you ever heard of a zipper called the Falcon, F-a-l-c-o-n?

A. Yes, sir, I have heard of it, and I bought a

(Testimony of Philip Lipson.)

box of it from—not directly from my competitor, but I bought it [853] to analyze it how it was made.

Q. Who manufactures that zipper?

A. To the best of my knowledge, I was told that it was offered for sale by the Talon sales department in Los Angeles.

Q. Do you recall the price at which it sold?

Mr. Leonard Lyon: This is something the witness must have been told by somebody else, according to his testimony.

The Court: What is your purpose here? To try to show that Talon put out a cheap competitive zipper after the Wilzip zipper episode?

Mr. Mockabee: Yes, sir. Whether it is called Wilzip or Falcon, it is still a cheap zipper, and it followed the threat to cut prices with the Wilzip zipper, particularly, if they did not maintain prices, and showing by example the manner in which it had been introduced in the East, and the effect that it had back there. Just a follow-up of the threat.

The Court: The witness doesn't know that it was put out by Talon. Unless there can be a stipulation that it was, I will not receive the evidence.

Mr. Leonard Lyon: There is no argument about that, we do put out the Falcon zipper, Talon does.

The Court: All right. When did the Falcon zipper show up on the L. A. market?

The Witness: Well, the first that I noticed it was about two months ago, and I have a box of Falcon zippers here [854] in the court room.

(Testimony of Philip Lipson.)

Q. (By Mr. Mockabee): Did you purchase them?

A. I purchased it through a customer of mine who was buying those zippers. I did not purchase it directly from the Talon sales office.

Q. Did you pay your customer for them?

A. Yes, I did.

Q. What was the price of them?

A. \$3.00 one hundred.

Q. Three cents apiece? A. That's right.

Q. Referring back to the approximate time of the meeting in the offices of the Talon sales division in Los Angeles, in September 1949, prior to that time what was the importance of the garment industry in Southern California?

A. I don't understand the question.

Q. How important was the garment industry in Southern California prior to 1949?

The Court: Can't we save a lot of time? The court can almost take judicial notice that the garment industry in Southern California is probably second to New York, but considerably smaller.

Mr. Mockabee: Yes, sir. I was trying to bring out the approximate time of its growth and its rise to importance, relative to the interest of Talon in this particular market. [855]

The Court: What bearing would that have?

Mr. Mockabee: The fact that Talon didn't give a darn about the Southern California market until the garment industry had grown to appreciable im-

(Testimony of Philip Lipson.)

portance, and then it came in and tried to maintain prices.

The Court: Whether the market was small or large, if Talon was trying to illegally maintain prices, the only bearing it would have would be on Talon's intent and other matters, and whether this tied in with other illegal principles. The market wouldn't enter into it, would it?

Mr. Mockabee: All right. I won't go into it.

At the present time I believe that is all, your Honor. I would like permission, if I do happen to run across another point or two, to recall the witness if necessary.

The Court: Well, if you have something that you have to cover, you can do it on redirect.

Mr. Mockabee: All right, sir.

The Court: You are now ready for cross examination, is that right?

Mr. Leonard Lyon: I don't believe I will be very long, your Honor.

The Court: Will you have some rebuttal evidence?

Mr. Leonard Lyon: Yes, I have two witnesses in rebuttal, one of which is Mr. Burkitt in connection with his work for Mr. Silberman, and then I am going to recall Mr. Doble to [856] identify an exhibit, produce an exhibit on three of the claims that we are urging to the court, and he has tabulated the prior art and shown in his opinion what elements of the prior art are missing in those claims, and it is all on a chart and can all be done right out of

(Testimony of Philip Lipson.)

hand. I don't know how long counsel will want to cross examine on it.

The Court: Are you gentlemen telling me that we are coming, finally, to the end of this case?

Mr. Leonard Lyon: I am afraid so.

The Court: Have no fear about that. I will be glad when this is over.

Mr. Charles Lyon: Your Honor, I found a little earlier I may have made a misstatement. Mr. McCoy has found that he did receive Exhibit P-2. It is still true that Mr. Loew did not testify that he sent it.

The Court: That is the letter of which you said there was no evidence that it had ever been received?

Mr. Charles Lyon: Yes. We have found it in our files.

The Court: All right.

Mr. Leonard Lyon: I have one question that I would like to ask the witness before adjournment that will help me on scheduling the rest of the cross examination. [857]

Cross Examination

Q. (By Mr. Leonard Lyon): When did you first learn of the issue of the Silberman patent?

A. I learned about the issue of the Silberman patent while I was in Europe.

Q. While you were in Europe?

A. That is correct.

Q. When did you first see a copy of it?

(Testimony of Philip Lipson.)

A. I had a chance to glance at the copy which one of our prospects brought in from Switzerland—he was a Swiss prospect, he brought it in, and he showed it to me, and he said, “Doesn’t this resemble the machine under the patent?” And I just glanced it over.

Q. You are talking now of the Silberman patent in suit here? A. That is correct.

Q. When did you first obtain a copy of that patent?

A. Upon my return to the United States.

Q. When was that? A. In July, 1948.

The Court: What months were you in Europe?

The Witness: I was in Europe during the months of May and June.

The Court: All right. [858]

The Witness: 1948.

Mr. Leonard Lyon: That is all I have right now, your Honor.

The Court: We will adjourn to 2:30. You probably have other work to do. Lawyers who get tied up in long trials find there is always work that piles up.

Mr. Leonard Lyon: Yes.

(Thereupon, at 12:00 o’clock noon, a recess was taken to 2:30 o’clock, p.m.) [859]

Thursday, March 10, 1955; 2:30 P.M.

The Court: You may proceed.

Mr. Mockabee: Will you take the stand, Mr. Lipson?

PHILIP LIPSON

called as a witness by the defendant, having been previously sworn, resumed the stand and testified further as follows:

Cross Examination—(Continued)

Q. (By Mr. Leonard Lyon): You have testified that the meeting in the Hollywood-Roosevelt Hotel attended by you and Mr. Silberman and Mr. Loew occurred sometime in August, 1948. Can you fix the date in August when that meeting occurred?

A. Approximately between the 10th and 15th.

Q. I can't hear you.

A. Between the 10th and 15th of August.

Q. The 10th of August?

A. Either between the 10th and the 15th. The day or date wasn't important to me at that time and I may have some memorandum on that somewhere.

Mr. Leonard Lyon: Will you read the answer?

(Answer read.)

Q. (By Mr. Leonard Lyon): Could it have been as early as the 10th of August?

A. It could. [860]

Q. You don't know? A. No, not exactly.

Q. Do you remember whether or not you had read the Silberman patent in suit before that meeting? A. I did.

Q. You had? A. Yes.

Q. Had you received a copy of that patent accompanied by a letter from Mr. Burkitt, Mr. Silberman's attorney, prior to the date of that meeting? A. No.

(Testimony of Philip Lipson.)

Q. Did you receive such a letter from Mr. Burkitt in August of 1948? A. No.

Q. I show you Mr. Burkitt's carbon copy—I show you from Mr. Burkitt's files his carbon copy of a letter dated August 12, 1948 addressed to Union Slide Fastener Company, Inc. Did you receive such a letter?

The Court: This will be marked Exhibit——

The Clerk: Plaintiff's Exhibit 15 for identification.

The Court: 15 for identification.

(The document referred to was marked Plaintiff's Exhibit 15 for identification.)

(Handing document to the witness.)

The Witness: No, I don't recall seeing such a letter [861] before.

Q. (By Mr. Leonard Lyon): Do you say you did not receive such a letter?

A. I say I did not receive such a letter.

(Document handed to the court.)

The Court: There isn't sufficient foundation yet laid to admit the letter.

Mr. Leonard Lyon: I will have Mr. Burkitt testify as to the letter, your Honor.

The Court: All right.

Q. (By Mr. Leonard Lyon): You testified, I believe, that before you made a deal with Mr. Loew to become interested in the Union Slide Fastener Company that you made an examination of their books. Is that correct?

A. I did not. An auditor was instructed——

(Testimony of Philip Lipson.)

Q. I can't hear you.

A. An auditor was instructed by me to do it. I personally did not examine the books.

Q. Did the auditor make you a report?

A. Yes, he did.

Q. And was that report in writing?

A. A report as to what?

Q. The auditor's report that he made to you after auditing the books of the Union Slide Fastener Company and before you made your deal with Mr. Loew. [862]

A. He set up a set of books and I saw the figures in that.

Q. Did he make you a written report?

A. No.

Q. As a result of his audit?

A. No. There were working papers that I saw which he discussed with me during the making of the audit and determining it.

Q. Now, did those figures reveal how long the business had been carried on?

A. Which business?

The Court: Loew's business. How long had he been carrying on his business?

The Witness: It dated back to somewhere in December, 1946.

Q. (By Mr. Leonard Lyon): And from that date up until June, 1947, had the company been producing zipper strings? A. No.

Q. They had not made any?

A. They had made some but not from the date

(Testimony of Philip Lipson.)

of December, 1946. They had made some at a later date.

Q. When did they begin manufacture?

A. They began manufacturing in March, 1947.

Q. And had that manufacture continued up until June, 1947? [863]

A. Yes.

Q. On what machine?

A. On the single-header machine.

Q. The Loew machine? A. Yes.

Q. Were there any other zipper machines in the possession of the Union Slide Fastener Company when you examined its affairs in June, 1947, except the one assembled Loew machine and the four non-assembled machines?

A. Well, the two single-header machines were there besides these others mentioned. [864]

Q. Were they Loew machines?

A. They were machines belonging to Loew?

Q. I mean, what design were those machines?

A. They were the type that Mr. Loew had a patent on.

Q. What?

A. They were the type described in Mr. Loew's patent.

Q. What became of those two machines?

A. They are still on the premises.

Q. Do you still use them? A. No.

Q. How long has it been since you used them?

A. Since June, 1947.

Q. Were there any double stringer machines there except the one that you say had just been

(Testimony of Philip Lipson.)

produced by Mr. Loew in June, 1947? A. No.

Q. What has become of that machine?

A. Which machine?

Q. The one that was assembled, the double stringer Loew machine that was assembled when you examined into the affairs of the concern in June, 1947.

A. It is still in operation.

Q. Were the other four machines that you have referred to that were not assembled in June, 1947, were they assembled and put into operation? [865]

A. They were assembled and put into operation at a later date.

Q. What date?

A. One of them I think was completed somewhere in October or November, 1947.

Q. What dates were the other three assembled and put in operation?

A. At later dates. I couldn't say offhand the exact dates.

Q. As nearly as you can tell us.

A. They were all assembled prior to June, 1948; somewhere between June, 1947 and June, 1948.

Q. Were any additional machines manufactured before June, 1948?

A. In addition to those five?

Q. Yes. A. No.

Q. When were any additional machines built or acquired by the Union Slide Fastener Company?

A. Mr. Loew started to build 10 machines when

(Testimony of Philip Lipson.)

I was in Europe, and that would be somewhere between May and July, 1948.

Q. How many? A. Ten.

Q. And were those machines completed? [866]

A. Yes, they were.

Q. What became of them?

A. Some were taken by Mr. Loew as part of his share in the business when the business—when he withdrew from it, five of them he took.

Q. He took five of them?

A. That is correct.

Q. And what became of the other five?

A. The other five were assembled, some of them are in use now, and a few were sold.

Q. When did you sell them?

A. Some were sold in 1949.

Q. How many?

A. I believe four of them.

Q. Four out of the five that you kept?

A. Four out of the five.

Q. Where were they sold? Where were the purchasers located? A. Mexico.

Q. In addition to those 10 machines, have you built any further machines? A. Yes.

Q. How many? A. Six more.

Q. That is all that has ever been built? [867]

A. That is correct.

Q. When did you build those six?

A. Those were built in 1950.

Q. Where are those machines?

A. Some of them are in use right now.

(Testimony of Philip Lipson.)

Q. How many?

A. We have all told eight double header machines in operation now.

Q. How many of the machines did you build in 1950? A. Six.

Q. And how many of those do you still have in operation in your plant?

A. I want to correct that. On recalling that, there were four built in 1950, not six. We built four in 1950; not six.

Q. Now, if I understand you correctly, the only machines, double stringer machines that have ever been built by the Union Slide Fastener Company were the five, one of which was assembled before you went there, and the other four were not, in 1947, then in 1948 Mr. Loew built 10 machines, five of which he took with him, and then there were five machines built in 1950—— A. Four.

Q. (Continuing) ——four machines built in 1950, and that is all the machines that were ever built by the Union [868] Slide Fastener Company, is that right? A. That is correct.

Q. How many machines do you have in operation—how many of these machines do you have in operation at the Union Slide Fastener Company now?

A. Eight chain machines, eight double header chain machines.

The Court: Of those four you built in 1950, how many of those did you sell and how many did you keep?

(Testimony of Philip Lipson.)

The Witness: None. Those are all on hand now.

The Court: According to my calculation, then, you have 10 machines now. I will show you how I arrived at it.

The Witness: Yes, I realize that, there is some testimony I haven't given because I wasn't asked about it. There were two machines sold to Canada to the former employer of Mr. Loew. According to his license with them, he was supposed to disclose to them any developments he made in the art of building machines, and one machine was shipped to them in February, 1948, and one machine was shipped to them in—no, it was two machines were shipped to them in the latter part of 1948, I believe it was October.

Mr. Leonard Lyon: If your Honor please, would you mind if I stood up here closer to the witness? I can't hear him back there.

The Court: That is all right. [869]

That makes three all together that were shipped?

The Witness: Three were shipped to Canada.

The Court: That still doesn't come out right. That would make you have seven machines on hand. See where I am wrong. I am talking about double header machines. One was the one that was already assembled when you went with Loew; four more were assembled later when you went with Loew, that makes five; Loew built 10 machines, five he took with him, four of the remaining five you sold to Mexico.

(Testimony of Philip Lipson.)

The Witness: Yes.

The Court: That leaves you one additional machine and that makes six.

The Witness: That leaves me six machines.

The Court: You built four in 1950. That makes 10 machines. You sent three to Canada, and you take 3 from 10 and that leaves 7. You should have seven on hand now.

The Witness: I am not sure of what I said about building in 1950. I said I built six and then I changed it to four. I am not sure. It may have been five. Outside of these sales that I stated here, there were no other double header machines sold, and the remaining ones are in operation.

Q. (By Mr. Leonard Lyon): How long has it been since you sold any machine?

A. Since 1949, the ones we sold to Mexico. [870]

Q. You say you bought out Mr. Loew. Was there a written agreement of purchase by you of his interest at that time? A. Yes.

Q. Can you produce that agreement?

A. Yes, I can.

Q. Will you do so? A. Yes.

Q. Have you it here in the court room?

A. No, I haven't. [871]

Q. Subsequent to the filing of this suit the Union Slide Fastener Company a corporation, filed an involuntary petition in bankruptcy in this court, did it not? A. No.

Q. You did not file a petition?

(Testimony of Philip Lipson.)

The Court: Filed a petition for reorganization, is that it?

The Witness: That is right.

Q. (By Mr. Leonard Lyon): Did you file a schedule of assets in that proceeding?

A. I did not. I do not recall the papers. All the papers were handled by my attorney. I didn't file anything personally so I can't answer the question.

Q. Do you know whether or not you listed as an asset any rights under the Silberman patent, any license or rights either from Mr. Silberman or from the plaintiff in this case?

A. We had listed in our statement——

Q. Can you answer that question?

A. As to what?

The Court: Read the question, Mr. Reporter.

(Question read.)

The Witness: Not specifically.

Q. (By Mr. Leonard Lyon): You did not?

A. Not specifically.

The Court: What do you mean by that? [872]

The Witness: We listed under the assets a value of \$25,000 covering research, development, patents and licenses and it was listed that way in general.

My attorney told me that in filing this as an asset that normally it isn't considered an asset because it is something that is only of value to an existing company, and whether they listed it as an asset or not I don't know, but it appears on our financial

(Testimony of Philip Lipson.)

statement \$25,000 research, development, patents and licenses.

The Court: But you didn't list Silberman's patent anywhere specifically in it?

The Witness: No.

The Court: Or any interest in it?

The Witness: No, we did not.

Q. (By Mr. Leonard Lyon): Now, pending these bankruptcy proceedings or reorganization proceedings, you had a fire at the Union Slide Fastener Company, did you not?

A. I don't know what you mean by "pending."

Q. While the proceedings were going on?

A. No.

Q. Did you have a fire at the Union Slide Fastener Company? A. Yes. [873]

Q. And did it destroy any of the records of the company?

A. It did some of the real old records.

Q. Did it destroy the sales records of Mr. Loew that existed before June, 1947, for the sale of fasteners? A. I don't believe so.

Q. You have still got those records?

A. I think so.

Q. And did it destroy your sales records of your sales since 1947? A. Some real old ones.

Q. What ones?

A. We filed away—when you say "sales records," do you mean the individual invoices or do you mean the records in the books?

Q. Both—I mean both.

(Testimony of Philip Lipson.)

A. In the books they were not destroyed because the books were kept in a safe, but the old invoices that we had—we had thousands and thousands of them, they were kept in a storage place and some of them may have been destroyed.

Q. Now, did the fire destroy any of these zipper machines? A. No; it damaged them.

Q. You testified that at the meeting with Mr. Silberman there was an argument or some discussion and some [874] accusation that Mr. Loew had bribed away an employee of Mr. Silberman.

Do you remember the name of that man?

A. Yes.

Q. What was his name?

A. Morry Waldman.

Q. Is he working for you at the present time?

A. (No answer.)

The Court: How do you spell the name Waldman?

The Witness: W-a-l-d-m-a-n.

Q. (By Mr. Leonard Lyon): Was he working for you? A. No.

Q. Has he worked for you?

A. He started to work for me in August of 1950 and terminated his employment with me sometime in 1953.

Q. In your deposition at page 60 you testified as follows:

“Q. Did Mr. Waldman ever tell you what if any part he had in the building of the first chain machines at Union Slide Fastener?”

(Testimony of Philip Lipson.)

"A. Well, he told me recently, since I employed him, that he helped Mr. Loew build the machine."

The Court: On what page?

Mr. Leonard Lyon: Page 60 at the bottom of the page. [875]

Q. (By Mr. Leonard Lyon): You know, do you not, that Mr. Waldman was associated with Mr. Silberman at the time Mr. Silberman was designing the machine shown in the Silberman patent in suit?

A. I only know what Mr. Waldman told me and I was under the impression that that is hearsay.

Q. Well, did he tell you so?

A. He did tell me that he was working for Mr. Silberman at the time when they were building the machines.

Q. And how did Mr.—under what circumstances did Mr. Waldman make that statement to you?

A. He came to me to apply for a job while I was at the hospital. I had a case of sciatica and he appealed to me——

Q. And what did——

A. You want me to answer the question? You want to know the circumstances.

The Court: Yes.

Q. (By Mr. Leonard Lyon): Just what did Mr. Waldman say to you when he told you that he had helped Mr. Loew design the Loew machine?

A. Well, that is what I was trying to bring out.

Q. You were talking about the fact that he told you he had worked with Mr. Silberman. Now, I

(Testimony of Philip Lipson.)

want to know just as near as you can tell me just what he said to you when he told you that he worked with Mr. Loew when Mr. Loew was [876] designing the Loew machine.

A. Mr. Waldman didn't sit down and tell me the whole story at one time.

At various conversations he told me a little bit now and a little bit then and I gathered from the whole what he did. So, if you want me to make a statement as to what he said at one particular moment I can't do it.

Q. Did he tell you whether or not he worked on the Loew machine before or after he worked on the Silberman machine?

A. Oh, after he worked on the Silberman machine.

The Court: Just a minute. When did you say Waldman worked for you? What dates of what year?

The Witness: August of 1950.

The Court: To sometime in 1953?

The Witness: That is right.

Q. (By Mr. Leonard Lyon): Wasn't Mr. Waldman working for the Union Slide Fastener Company when you went there in June 1947?

A. No.

Q. Did he work there at any time from the time you became associated with the Union Slide Fastener Company in June 1947 up to this visit with you in the hospital that you have told us about?

(Testimony of Philip Lipson.)

A. When you say he worked, do you mean that he was [877] employed?

Q. Well, answer that first.

A. He was not employed by the Union Slide Fastener Company since I came in in June 1947 until I hired him in 1950.

Q. Was he on the premises?

A. He was once on the premises.

Q. What was he doing there?

A. Mr. Loew called him because he could not operate the machine and he called Mr. Waldman in to help him make it operate.

Q. When was that?

A. It was sometime, I would say, about 10 days or two weeks after I joined the corporation.

Q. Now, going back to this accusation that Mr. Silberman made at the meeting in the Hollywood-Roosevelt Hotel in August 1948, who did he accuse of having bribed Mr. Waldman away from him or Mr. Loew—you or Mr. Loew? A. Mr. Loew.

Q. You have referred to the difference between a square shoulder zipper and a round shoulder zipper. Were square shoulder zippers on the market—that is being manufactured and sold, prior to your first knowledge of the Loew patent, Exhibit O or the Loew machine? A. Yes, sir. [878]

Q. They were an old item in the zipper business, were they not?

A. I wouldn't know whether they were old or not. I wasn't acquainted with zippers much prior to that date.

(Testimony of Philip Lipson.)

Q. Well, you do not contend that the first machine that would make square shoulder zippers was the Loew machine, do you?

A. No, I didn't contend that. I knew that the Sundback had the square shoulder zipper.

Q. That is to say Sundback patent 1,331,884, Exhibit E in this case, described a manufacture of a square-shouldered zipper, does it not?

A. That is correct.

Q. And so does Sundback patent 1,467,015, Exhibit 13 in this case?

A. I wouldn't know by the various numbers unless I saw the patent. I know there was a Sundback method but whether it was one patent or the other I wouldn't know without looking at them.

Q. Are you familiar with the Loew patent, Exhibit O, No. 2,444,706 (handing document to the witness)?

A. Yes, I am.

Q. Does that patent describe an operative machine for making zippers?

A. It doesn't show all the detail but it shows some of them. [879]

Q. Well, insofar as there is a description of a machine there, would a machine, built in accordance with that description, be operative?

A. I believe I testified before that there was one operative at our place.

Q. A practical machine?

A. Yes.

Q. The machine was operative and practical without the improvements that you have referred to that you added to it, is that correct?

(Testimony of Philip Lipson.)

A. I didn't add to this type of a machine that was a single header which is pictured on here.

Q. What is the difference between a double header and a single header, except one is a double unit of the other?

A. There are other differences in the operation of the machine.

Q. What are those?

A. Well, there are very many to enumerate. For one, the manner of feeding the material.

Q. Don't you have two feeds on a double string machine?

A. We call it a feeding mechanism. It may feed two, it may feed one, it may feed a multiplication of more strips than one.

Q. When did you first see the assembled Loew machine which you have referred to as being in existence at Union [880] Slide Company when you went there in June of 1948, when did you first see that machine operate?

A. I visited the Loew plant as a friend of his some time in April or May 1947.

Q. Was he operating that machine then?

A. Yes, sir, he showed me that he operated the machine.

Q. Was it producing zipper strings?

A. As much as I knew about zippers there, it looked to me like it was producing.

Q. Would you say that on that occasion it was an operative machine? A. I would say so.

Q. A practical machine?

(Testimony of Philip Lipson.)

A. At that time I wasn't a judge of zipper machines to be able to tell you.

Q. Well, you know a lot about it now, and you can remember what you saw then; would you say now that it was a practical machine as you observed it then?

A. I observed that it was manufacturing zippers. Whether it was practical depends on its efficiency, on how often it had to be fixed.

Q. I don't care for all the detail of what makes it practical; I am just asking you for your opinion. Was it practical? [881]

A. From an observation of 10 or 15 minutes, it would be difficult for one to make a statement whether a machine was practical or not.

The Court: Let me ask you this. We are talking about a single header, so-called Loew machine.

The Witness: Yes.

The Court: Similar to Loew patent Exhibit O. Did you ever look that machine over?

The Witness: Never took it apart. The machine is cumbersome, it is standing in our place as junk.

The Court: You don't know how it operates, then?

The Witness: I wouldn't be able to operate it, unless I studied it.

The Court: Did you ever notice whether it has knurled rollers to feed in the tape or the wire, or whether it has a different mechanism?

The Witness: It has a knurled roller, one, be-

(Testimony of Philip Lipson.)

cause that machine operated on a single stringer. It had a knurled roller to feed the tape.

The Court: I am not talking about the tape. Does it have a knurled roller to intermittently move the wire?

The Witness: No, it did not.

The Court: Do you know whether it used a reciprocating finger?

The Witness: That's right. [882]

The Court: That touched the cavity and pushed it forward?

The Witness: That is the one right here (indicating).

Q. (By Mr. Leonard Lyon): In your opinion, was that machine built in accordance with the Loew patent, Exhibit O, a copy of which you have in your hand?

A. From the observation of that machine that I have seen, it was.

Q. How many operations of the ram in that machine were there between forming and attaching of the zipper element?

A. From what I recall, nine.

Q. How many are described in the Loew patent, Exhibit O? A. 15.

Q. Will you examine it again and see if there are not, in fact, 27 reciprocations of the ram in the Loew patent, from the beginning of the forming of the zipper element and through its trimming?

A. There are either 14 or 15, because one of them it blocked out here by a part, and unless I

(Testimony of Philip Lipson.)

measure it, it seems to me there isn't any room for any other ones. There isn't, certainly, room for one in there. But it seems like I count 14 again.

Q. Will you look at column 3, line 62, of the Loew patent, Exhibit O, and tell me how many operations of the ram [883] it states?

A. Did you say column 3 or page 3?

Q. Column 3. Is there not a column at the top?

The Court: Now, wait. I have lent him the original patent. Does someone else have another copy of the patent to Loew?

What column are you referring to?

Mr. Leonard Lyon: Column 3. That is on the second page. Line 62. The language reads: "After the wire has fed forward 27 times, it is now in a position for the notching dies to function."

Q. (By Mr. Leonard Lyon): Each one of those steps forward of the wire is accompanied by an operation of the ram, is it not, as described in the Loew patent? A. Yes.

Q. Then there are some 27 operations of the ram involved, as described there, instead of 15 as stated by you, is that correct? A. Yes.

Q. And then the patent describes six more steps before the clamping and trimming on the tape is completed, isn't that right?

A. I didn't see. On what line is that? Are you speaking about the figure here? On this figure I can see 14 steps.

Q. I am talking about the description of that apparatus [884] as it is set forth in the patent.

(Testimony of Philip Lipson.)

A. I have to refer to it. I didn't read that far.

Q. Will you do that?

A. That was line——

Q. You have stated you don't know where to look for the finishing operations? A. Yes.

Q. Look at the paragraph commencing at line 47 at the bottom of column 2, and continuing over to the next page.

A. Will counsel please tell me whereabouts I can find it? I have so far read over to page 3.

Q. You haven't been able to tell how many strokes of the ram, in addition to the 27 previously specified, are required to finish and trim the zipper element?

A. From line 47 on page 2 up to where I read now, line 20 in column 3, I haven't found it yet.

Q. Maybe you can tell us from the drawing. Look at Fig. 1 of the drawing of the Loew patent Exhibit O. Do you notice about one-third the distance on the right-hand side of that drawing some drawing lines indicating a blank space between two parallel dotted lines? A. Yes.

Q. What does that indicate?

A. That indicates a line where the wire is full without notches, and right after that line we find the zig-zag [885] dotted lines which show notches.

Q. What does the space between those two lines indicate, blank space?

A. The space between the two lines—which do you mean? The space between these two blanks?

Q. Yes.

(Testimony of Philip Lipson.)

A. It could be that it is broken in the middle, because there is no space to show the entire length of the strip on the page.

Q. Do you know what it means?

A. Well, in drawing we use either this form or a different form of indicating a space in between.

Q. Doesn't that indicate that there is some undisclosed operations occurring or structure occurring between those two lines?

A. It may indicate just a blank strip of wire, or it may indicate anything else. I couldn't tell from this drawing what it means to indicate.

Q. Is it your testimony that your double string machines that you manufactured at Union Slide, or that were manufactured by Mr. Loew at Union Slide, use the machine described and shown in this Loew patent, Exhibit O?

A. Use it in what way? The identical way?

Q. Is your machine, your double string machine, the machine described in this Loew patent?

A. The machine — no, it is not identical with that.

Q. Have you ever attempted to check the elements called for in the claims of this Loew patent, Exhibit O, against your double string machine, to see if those elements are present in that machine?

A. Yes, I have.

Q. Did you find them all there, or are some of them missing?

A. As far as from what I can recall, I have found most of them in there.

(Testimony of Philip Lipson.)

Q. Do you find some of them missing?

A. As to what—method, or size, or number of strokes?

Q. Let's take claim 1 of the patent, this Loew patent, have you checked the elements of that claim against your double string machine?

Mr. Mockabee: Your Honor, I object to this line of questioning. The witness has not been in any way qualified as a patent expert or capable of interpreting a patent claim.

The Court: He has been qualified as a mechanic and a tool maker, and he might have trouble with legal phraseology, but he wouldn't have any trouble with drawings, or even a description, except the possible language there.

Mr. Mockabee: Mr. Lyon has asked him to refer to claims and interpret those, and I don't think there is any basis for that. [887]

The Court: He has asked him whether within the claims of the Loew patent he finds elements to exist—to compare the claims of the Loew patent. To a certain extent that is proper. We will see how far it goes.

The objection is overruled.

The Witness: Claim 1?

Q. (By Mr. Leonard Lyon): Yes. Have you checked the elements of that claim to see if each and every one of them is present in the double string machine of the type that you manufactured?

The Court: That may not be proper. Let's take claim 1. It starts out, "An automatic machine for

(Testimony of Philip Lipson.)

manufacture of slide fastener strings in combination with a press”—now, is that part similar to defendant’s machines?

The Witness: That’s right.

Mr. Leonard Lyon: Double headers?

The Witness: Yes.

The Court: Next it says, “comprising an upper die block which is attached to the pitman of the press”; do you have that in your machines?

The Witness: I don’t know what the technical word “pitman” is. [888]

The Court: What does pitman mean? Something like a connecting rod?

Mr. Doble: It means a connecting rod. It is an old-fashioned term for a connecting rod.

The Court: Then let us assume “pitman” means a connecting rod.

Do you have an upper die block which is attached to the connecting rod of the press—the pitman of the press? Do you have that?

The Witness: Yes.

The Court: Do you have a lower die block which is fixed to the table of the press?

The Witness: Yes.

The Court: Do you have a series of upper and lower dies or punches for successively drawing an embryo cavity?

The Witness: Yes.

The Court: I take it that means the beginning of a recession?

The Witness: Yes, sir.

(Testimony of Philip Lipson.)

The Court: Do you have that?

The Witness: Yes, sir.

The Court: Serrating the edges?

The Witness: Yes, sir.

The Court: Do you have a die on your machine that serrates or cuts an irregular edge? [889]

The Witness: It does. It notches—it notches what we call the notches.

The Court: And punching off individual elements from a stock wire?

The Witness: Yes.

The Court: Means for clamping said element to standard tape?

The Witness: Yes, sir.

The Court: And means for feeding said wire stock. Now, we come down to and this is a rather long one. "Means of feeding said wire stock to the successive stages in the operation."

Generally, do you have a means in your machine for feeding the wire stock to the successive stages in the operation?

The Witness: Yes, sir.

The Court: Now, they tell us what these means are: "Comprise a sliding section which is part of the lower die block."

The Witness: No, that we don't have.

The Court: The next:

"A reciprocating finger which pushes the wire stock by engaging the embryo cavity."

The Witness: No, we don't have that.

(Testimony of Philip Lipson.)

The Court: "And which is part of said sliding section."

The Witness: We don't have that. [890]

The Court: And you don't have the spring and the various devices that work with this reciprocating finger?

The Witness: No.

The Court: Well, I think all the rest of the claim is devoted to the means involving the reciprocating finger.

Mr. Leonard Lyon: That is right. If that is out—if those are out I think everything that follows is out.

Q. (By Mr. Leonard Lyon): Will you look at Figure 1 of the patent, the Loew patent, Exhibit O, and find the punch member tooth 21. Have you found that? A. Yes.

Q. Just what part of that punch member 21 and Figure 1 severs the element—the fastener element?

A. It isn't disclosed here.

The Court: Well, wouldn't Figure 23 point to the cutting edge that does the severing?

The Witness: No, that does the notching.

The Court: It does the notching, yes.

The Witness: It shows the form in front but it doesn't show that.

Q. (By Mr. Leonard Lyon): Does Figure 1 show where the severing takes place?

A. It doesn't indicate. I think line 25 is the one that shows where it is being severed.

Q. Isn't it a fact that Loew shows the old type

(Testimony of Philip Lipson.)

tool [891] holder where a side set screw holds the separate punches in the block?

A. What do you mean? On this drawing?

Q. Yes.

A. I couldn't tell you from that drawing. It doesn't show a full apparatus. It only shows individual members.

Q. In the Silberman patent in suit the punches are face to face—that is, the forming and shearing punches, is that not correct?

A. Just what do you mean by the forming and shearing punch?

Q. The punches that form the projections and depressions and the shearing or cutting off of the metal.

A. The question was whether—

Q. Are they not face to face? A. No.

Q. How are they—are they adjacent to each other?

A. Yes, they are adjacent to each other.

Q. And is that shown in the Loew patent?

A. The shearing punch here isn't shown at all. It is just part of it showing.

Q. Is that true of your double string machines, that those members are adjacent to each other?

A. Of the double string machine? Yes.

The Court: Let me ask this to save time. Is there [892] anything in the Loew patent which describes who makes any claim for this round shoulder zipper that results?

A. (No answer.)

The Court: It will be conceded, however, will it

(Testimony of Philip Lipson.)

not, that the diagram, Figure 1, clearly demonstrates how the square shoulder zippers would result?

Mr. Lyon: Is that true, Mr. Doble?

Mr. Doble: Yes, that is true.

The Court: All right.

The Witness: Your Honor, may I explain something that just came to my notice on this drawing?

The Court: Yes.

The Witness: The drawing in Figure A as shown here——

The Court: Figure 1.

The Witness: Figure 1 is shown as a separation in that the back part of it, the one to the left, is the lower part—the die part of it and the front part shows the upper part of it and therefore he does not show a punch here at all. He merely shows the strip here.

Whether this is an extension of one piece of wire or not it could also mean that it is a break here—that the front part here shows the upper part of the strip and the other one shows the rest of the strip in relation to the die.

Q. (By Mr. Leonard Lyon): How about the die No. 19? Is the strip not supported on that die?

A. No. 19 in figure 1?

Q. Yes.

A. This particularly doesn't show support. 19 is a notching punch—one of the two notching punches.

Q. Can you answer with reference to either of

(Testimony of Philip Lipson.)

the other figures? A. Which figures?

Q. Either Figure 2, 3 or 4. The question is, is the strip not supported on that die 19?

A. Well, your statement is that die 19 is a die. From the way I look at it 19 is a notch—one of the two notching dies but not the whole die.

From this figure I can't see whether it rests on it or just shows the outline where it is being punched through.

Q. Look at Figure 2. Can't you answer the question from that? A. Figure 2?

Q. Yes.

A. Figure 2 shows a strip indicated with a solid line at the left hand with a No. 3, and a continuation of it towards the right side in dotted lines and that evidently is meant by the strip of metal.

Q. I think, your Honor, that in the interest of time I am not going to pursue this examination.

I have established—indicated my point and I can cover [894] it in argument just as well.

The Court: I will tell you what I think about it. I don't see anything in Loew except two things. I think that Loew very clearly describes a type or style of punch which would cut a certain type of notch which would result in a square shoulder zipper and I think Loew also shows a reciprocating finger for moving the strip rather than a narrow wheel.

Now, there is one claim of Loew where he talks about a narrow wheel for the tape. I think it is Claim 5. But that is old in the art.

(Testimony of Philip Lipson.)

So, I would conclude that anybody that could take the teaching of Loew could take one step out of Loew's patent, namely, he could take the type of notching that exists in Loew's patent and use it without infringement, unless he infringed in some other manner.

Mr. Leonard Lyon: That is all the cross examination I have, your Honor.

Redirect Examination

Mr. Mockabee: Regarding this Loew patent. I think the disclosure can be readily understood.

First we read the brief description of **Figure 1** on page 2, column 1, line 25.

The Court: What are you going to contend for Loew? What do you find in Loew? [895]

Mr. Mockabee: I am not contending anything. There seems to be a lot of confusion about what it shows—an attempt to indicate that Loew shows a series of operations performed over a great length rather than close together and at the point where they are joined to the tape.

Figure 1 doesn't disclose any such thing.

The Court: What part do you want me to look at?

Mr. Mockabee: Page 1, column 1, line 25 and **Figure 1**. That shows a plan of the more important stages of operation and the discussion on the next figure immediately following, **Figure 2**, shows an elevation of the main part of the machine.

Now, referring to **Figures 1 and 2** you will note No. 19—I mean, pardon me, punches 21 and 24. No. 21 is shown as well in **Figure 1**.

(Testimony of Philip Lipson.)

The Court: I don't find 21. Oh, yes, I have it. I find 21 and what was the other, 24?

Mr. Mockabee: It is a punch assembly, 21 and 24.

Then in Figure 2 there is a cam member attached to the head No. 34 which is stated in the specification at column 3 on the second page of the text, line 6:

"On the downward stroke of the die 1 the cams 34 compress hammers 32 and 33."

Now, if we refer to the cam member 34 in Figure 2 and see that it engages the cams or hammers 32 and 33 in Figure 1, it would indicate from a showing of the machine in Figure 2 that the notching punches are immediately adjacent to the [896] jaw closing members, and this discussion about what operations occur between the broken lines of Figure 1 is purely speculative when the specification shows the relationship of the elements.

The Court: Does Loew show in his description where the severing takes place?

Mr. Mockabee: I haven't got that marked, your Honor.

The Court: Well, why I asked——

Mr. Mockabee: Cutting die 21.

The Court: What is that?

Mr. Mockabee: It says in column 2, line 14——

The Court: What page?

Mr. Mockabee: This is the first page.

"The die 21 is also provided with a semi-circular cutting edge for the purpose of cutting out a semi-circular section as shown at 25."

(Testimony of Philip Lipson.)

25 being indicated in Figure 1 as the end element in the series.

You will note in Figure 1 the lead line 25 goes to a full line whereas the arcuate similar line to the left of that is a dotted line indicating the cut has not yet been made at that point.

The Court: All right.

Q. (By Mr. Mockabee): Mr. Lipson, on cross examination there was brought out a reference to a fire at your plant. [897] Will you explain what caused the fire?

A. The cause of the fire was never determined accurately.

Q. The occasion of the fire?

A. The occasion of the fire?

Q. Let me put it this way.

A. Just what do you mean by "occasion"?

Q. Did anything else occur at the time of the fire?

A. Well, you are referring to a fire at what date?

Q. There was only one fire referred to in the testimony.

A. No; our plant suffered a fire loss on October 2nd, 1949 at an occasion where the place was broken into.

Our factory had safeguards against breaking and entering including a burglar alarm system, but someone had cut a hole in the roof and entered then at approximately prior to 4:30 a.m. on the night of October 2nd and ransacked our office.

(Testimony of Philip Lipson.)

They didn't take very much out in the way of money because all we had was approximately \$30 in petty cash and some stamps.

They dumped out all the contents of our safe. They opened that up and dumped it out on the floor.

They broke a lock on one of our drawing cabinets—I mean on our cabinet where we kept our blueprints and drawings and over half of our drawings and blueprints were missing and the place was set on fire. [898]

Q. Did those drawings relate, or any of them, relate to items which you had developed as improvements on your zipper manufacturing machinery?

A. Yes.

The Court: Did you have another fire?

The Witness: Yes, your Honor.

The Court: When did you have the other fire?

The Witness: The other fire happened a year ago, February 15th, at our new place.

The Court: 1954?

The Witness: 1954.

The Court: Was the place again broken into?

The Witness: No, there was no evidence of that this time.

The Court: Cause unknown?

The Witness: Cause unknown. Apparently from spontaneous combustion.

The Court: All right.

Would you like to take the recess now to look over what you want to cover on redirect?

(Testimony of Philip Lipson.)

Mr. Mockabee: Yes, I just want to collect my wits a little bit.

The Court: Maybe if we take our recess now you will do it more expeditiously.

(Recess taken.) [899]

Q. (By Mr. Mockabee): Mr. Lipson, do you have a copy of the Loew patent '706 before you?

A. Yes.

Q. Referring to Fig. 2 and the punch 6, and the punch assembly 21-24, does that in your opinion illustrate the spacing of 27 elements?

A. The distance shown in Fig. 2 of the Loew patent '706 between punch 6 and punch 21-24 does not show enough space for 27 stations.

Q. Do you think it would require any great ingenuity to move the punch 6 over closer to punch 24?

A. No.

Q. From your experience in making and reading mechanical drawings, is the drawing in the Loew patent, which you would consider a mechanical drawing, of the shop drawing type from which machines or machine parts are made?

A. No.

Q. A moment ago there was reference to the loss of drawings showing improvements you made on your double header machines, that loss being due to a fire which occurred at the time your factory was broken into. Will you tell me when the improvements of those burned drawings were made, approximately?

A. They were made between March 3rd and the

(Testimony of Philip Lipson.)

end of August 1949. They were completed in August 1949. [900]

Q. Did they constitute major improvements on the machine? A. Yes.

The Court: Which were made between those dates—the improvements or the drawings?

The Witness: The improvements and the drawings.

Q. (By Mr. Mockabee): I hand you Defendant's Exhibit AT, a forming and shearing punch and a two-piece punch removed from Plaintiff's Exhibit 5—it has no subnumber, your Honor.

The Court: We can give it one.

The Clerk: The last one was 5-C, so this will be 5-D.

The Court: 5-D.

(The exhibit referred to was marked as Plaintiff's Exhibit 5-D for identification.)

Q. (By Mr. Mockabee) (Continuing): —5-D, and ask you if you will compare their functional structure.

Mr. Leonard Lyon: If your Honor please, I don't believe this is redirect. I don't remember asking anything about those punches on cross examination.

Mr. Mockabee: Your Honor, I believe I asked permission to recall the witness.

The Court: He had reserved the right at the time he concluded his direct. Go ahead.

The Witness: What was the question?

(The question was read by the reporter.)

(Testimony of Philip Lipson.)

Mr. Mockabee: AT is the punch identified as the Union Slide Fastener punch.

The Witness: Yes, I have examined them.

The Court: He said compare their function.

The Witness: I can compare their functions. There is a slight difference in the fact that this is a punch for a larger size zipper——

Q. (By Mr. Mockabee): Please identify which is "this."

The Court: 5-D.

The Witness: 5-D is for a No. 5 zipper, which is larger in size, and AT is a punch for No. 3 zippers, which are smaller in size.

The punch 5-D has a semi-circular channel in the front which is used for shearing off the head of the element, of the member. On the sides of the punch there are two channels ending with a triangular shape, which are used for notching the sides of the zipper scoop, which formed the lower half of the zipper scoop and the base of the zipper scoop. Immediately behind a short space from the circular channel I find a little square or oblong channel with rectangular sides, which I used for the projection of the succeeding elements so it isn't deformed by the punch coming down. In other words, they are clearance for the succeeding—for the projection of the succeeding element. [902]

Now, on Plaintiff's Exhibit AT I find in the front a semi-circular channel for the shearing off of the head of the zipper scoop.

On the side of the punch there are two rectangu-

(Testimony of Philip Lipson.)

lar-shaped channels ending in a triangular apex which are for forming the notches on the sides of the elements or zipper scoops, which form the lower half of the sides of the zipper scoops and the base of it.

I find on the back of it a rectangular channel leading all the way, at an angle, all the way to the back of the punch which is designed to clear the projection of the succeeding zipper scoops so in shearing off the front one the projection of the succeeding one isn't mashed.

The distance between the base of the semi-circular channel at the surface of the shearing punch to the channel for clearance of the projection of the zipper scoop is approximately fifteen-thousandths for the No. 3 zipper element.

The Court: Is it broader at the top—is the channel you are talking about broader on one side than the other? I am speaking of the diagonal channel you just mentioned.

The Witness: This one is broader for a No. 5.

The Court: Broader at the top, at the surface of the metal and deeper in the metal?

The Witness: No, it is a straight line. It is the [903] same width all over.

The Court: All right.

The Witness: In Exhibit 5-D we find a channel which divides the shearing punch forming four legs which are designed to keep the punch in constant contact with the dies. We call them guiding legs. The metal strip goes through this channel when the

(Testimony of Philip Lipson.)

punch is raised and is engaged by the shearing surface of the punch cutting out a semi-circular form on the head of the zipper scoop as well as the triangular notches for the formation of the legs.

On Exhibit AT I find the very same thing. Four legs designed as guides for the zipper strip.

Q. (By Mr. Mockabee): Would you say then except for the fact that Exhibit AS—pardon me, Exhibit 5-D is formed in two pieces that the structures of the punches are generally the same or not?

A. They are.

Q. Where did you secure the information from which you designed your punch, Exhibit AT?

A. Exhibit AT has the identical dimensions as the punch which was used in the Loew single-header machine.

Q. I hand you another punch, Defendant's Exhibit AS and ask you if you can identify that type of punch?

A. This is a punch which in appearance and function is identical with the punch shown on the Silberman patent. [904] I don't have a copy of it here.

Q. '793?

A. '793. I don't remember the figure of it.

The Court: Where did Exhibit AS come from?

The Witness: I received this punch when I purchased certain equipment from California Slide Fastener, not including double-header machines. He had some extra punches. Some were used up and

(Testimony of Philip Lipson.)

he gave them to me and this is one of the punches.

Q. (By Mr. Mockabee): And that punch does not show any means for forming notches?

A. No, it does not.

Q. Does the Union Slide Fastener punch, Exhibit AT and also the two-piece punch Exhibit 5-D, contain any other features which are not shown in the type of punch shown in the Silberman patent, Exhibit AS?

A. The type of punch shown in Exhibit AS is narrower in dimensions as to the channel for the strip to be used.

In my estimation the channel is made to clear a wire that is one hundred-thousandths in width.

The Court: One one-hundred-thousandth?

The Witness: No, .100. Which is a wire designed to be used in a No. 3 zipper without notching for what we call a round shoulder element.

The punch, Exhibit AT, which is a punch used by the [905] accused machine, this channel has a provision for wire which is .120 wide for notching out to form the square shoulder element. [906]

The punch No. 5-D, which was taken out of Exhibit 5 machine, is for a No. 5 zipper.

Q. Mr. Lipson, they are for different size zippers, but their functional elements can be compared?

A. Yes, they are identical with Exhibit AT.

The Court: It seems to me this all sounds familiar. It seems to me we have been over this before.

Mr. Mockabee: I don't know that we had that

(Testimony of Philip Lipson.)

comparison from our witness with regard to the punches.

Q. (By Mr. Mockabee): Going to another subject, Mr. Lipson. Do you have any personal knowledge as to the time of filing the counterclaim in this action of any events which transpired prior to its filing? A. Yes.

Q. From your knowledge was it prepared any considerable length of time before it was filed?

Mr. Leonard Lyon: I object to that. That is not rebuttal — or redirect examination, I mean, your Honor.

The Court: What do you propose to show?

Mr. Mockabee: There has been intimation, your Honor, that defendant was offered a settlement, and that defendant flatly refused, except on the basis of a substantial payment by plaintiff to defendant.

The Court: I am going to ignore all that. I am not going to consider your offer of that. Some talk of that cropped [907] into the record of this case, and it has no business here.

Mr. Mockabee: There are some events relating to that which have to do with the time of filing the counterclaim, and regarding which time plaintiff is attempting to set up some sort of a statutory bar.

The Court: Even if negotiations for a settlement were pending, and if one party let the statute of limitations run, he couldn't excuse himself by saying he was negotiating for a settlement.

Mr. Mockabee: I thought it might be relevant

(Testimony of Philip Lipson.)

in view of the fact that it has come into the case previously.

The Court: If that is what you propose to prove, the objection will be sustained.

Q. (By Mr. Mockabee): Mr. Lipson, I hand you a letter addressed to you, dated February 4, 1952, bearing the signature Sigmund Loew; would you please read that letter into the record?

Mr. Leonard Lyon: Let me see it first, please.

The Court: Have you seen it, counsel?

Mr. Mockabee: No, he hasn't.

The Court: It will be Exhibit BE, for identification.

(The document referred to was marked Defendant's Exhibit BE for identification.)

Mr. Leonard Lyon: I object to this as hearsay.

The Court: It wouldn't be read into the record. [908] You can offer it as an exhibit and I will rule upon it.

Did you receive this letter, Mr. Lipson?

The Court: From Mr. Loew?

The Witness: Yes.

The Court: This is his signature?

The Witness: Yes.

The Court: Let me read it.

Mr. Leonard Lyon: It is a statement out of court, your Honor. I don't believe it was shown to Mr. Loew on the taking of his deposition. We have no opportunity to cross examine Mr. Loew on it. He has testified in the case, and a letter written by him to this witness, not communicated to the plain-

(Testimony of Philip Lipson.)

tiff, and with which he was not confronted at the time of his deposition, is not admissible, I don't believe.

Mr. Mockabee: In the Loew deposition, page 30, line 16, beginning at line 13 is a question concerning certain demands made upon Loew, as to what he should be required to do to effect a settlement of the controversy between Loew and Lipson over the Slide Fastener Company. The answer at line 16 by Mr. Loew was that Mr. Lipson asked Loew to give him a statement regarding the meeting with Silberman. The following question refers to the letter of February 4, 1952:

"Was it written as a part of the settlement?"

And the answer was, "Yes, it was at that time."

The Court: Does the deposition show elsewhere that at the time this letter was used to refresh Mr. Loew's recollection it was exhibited to him?

Mr. Mockabee: I don't believe it does, your Honor.

The Court: I will take the objection to the introduction of BE under submission, and I will look into it tonight.

Mr. Mockabee: As far as I know, that is the only reference to it.

Do you have any further questions of Mr. Lipson?

Mr. Leonard Lyon: No, I have no further questions.

Mr. Mockabee: Okay. Step down.

The Court: All right. Step down.

Is that defendant's case?

Mr. Mockabee: No, sir. I want to introduce some more prior art.

I wish to offer as Defendant's Exhibit BF a soft copy of patent to Sundback '857, issued in 1922, with reference to Fig. 4——

The Court: Where is the patent?

The Clerk: Here it is.

Mr. Mockabee: Which shows the general tool grouping relative to the tape, and in Fig. 26, I do not have the sheet number, your Honor——

The Court: Maybe I can find it. Fig. 26, sheet 13.

Mr. Mockabee: The method of forming zipper elements and [910] applying them, particularly in conjunction with the disclosure in Smith patent Exhibit G.

I wish to offer a copy of Wintriss——

The Court: Exhibit BF will be received in evidence.

(The document referred to was received in evidence and marked as Defendant's Exhibit BF.)

Mr. Mockabee: I wish to offer a copy of Wintriss '662, to generally show the state of the art at the time of its issue.

The Court: That will be Exhibit BG, received in evidence.

(The document referred to was received in evidence and marked as Defendant's Exhibit BG.)

Mr. Mockabee: I wish to offer a copy of——

The Court: It was issued on December 14, 1943. All right.

Mr. Mockabee: I wish to offer a copy of Ulrich patent '380.

The Court: It will be received as BH, received in evidence.

(The document referred to was received in evidence and marked as Defendant's Exhibit BH.)

Mr. Mockabee: With reference to the showing of the punch assembly and closing jaws in Fig. 2 of that patent.

The Court: Let me see it. In Fig. 2 of Ulrich?

Mr. Mockabee: Yes, sir. [911]

The Court: I can't see any in there. Are you sure you have got the right figure? Do you want to look at it here?

Mr. Mockabee: Let me see it. I don't have a copy, your Honor.

It is Fig. 12, your Honor. I beg your pardon. Figs. 11 and 12.

The Court: All right.

Mr. Mockabee: I wish to offer a copy of Poux patent '176.

The Court: That will be Exhibit BI, received in evidence.

(The document referred to was received in evidence and marked as Defendant's Exhibit BI.)

Mr. Mockabee: I wish to refer to claims 3, 5, and 6 thereof.

The Court: You have got two soft copies here of BI; which one do you want to use?

Mr. Mockabee: I think this is a cleaner one, your Honor.

The Court: Let's have the cleaner one.

Mr. Leonard Lyon: In this offering of the prior art by defendant's counsel, your Honor, it will help us a great deal if defendant's counsel would indicate in respect to the different exhibits whether he is urging them against Poux or as against Silberman, or as against both patents.

We find difficulty in that connection in knowing what they are offered for. [912]

Mr. Mockabee: Your Honor, I would have gone into more discussion of them, but I was more or less gagged when I first started to enter the prior art. I can't right at the moment give you that. I would be glad to give you a memo on it, but you will find in practically all cases the dates of the patents more or less speak for themselves.

The Court: Supposing you overnight try to give us some list as to whether the prior art offered today, or previously, applies to Poux or Silberman, make a little chart on it, if you will.

Mr. Mockabee: Yes. [913]

The Court: What is next?

Mr. Mockabee: I wish to enter a copy of Behrens '783.

The Court: That will be Exhibit BJ in evidence.

(The document referred to, marked Defendant's Exhibit BJ, was received in evidence.)

Mr. Mockabee: And refer to the description on page 2, column 2, lines 64 through 68.

The Court: Let me look at them.

Mr. Mockabee: I don't believe that the file histories of the two patents in suit have been entered and inasmuch as I am barred from any discussion of them I will enter them for the court's consideration.

The Court: You won't be barred from discussing them in argument.

Mr. Mockabee: I mean at this time.

The Court: Do you have the file wrappers here?

Mr. Mockabee: Yes, right here, your Honor.

The Court: The file wrapper?

Mr. Charles Lyon: They are the file history and we had a stipulation regarding them.

Mr. Leonard Lyon: May I take a look at them?

(Document handed to Mr. Leonard Lyon.)

Mr. Leonard Lyon: These are not file wrappers. They seem to be abstracts. I don't know who they were prepared by. They are abstracts and not file wrappers. [914]

Mr. Mockabee: They are not complete.

The Court: You say, Mr. Charles Lyon, that there was a stipulation regarding them?

Mr. Leonard Lyon: He can use them but he misdescribed them.

Mr. Mockabee: I used the wrong term.

The Court: That will be Poux BK.

Mr. Leonard Lyon: Has your Honor ever used one of those file histories, as we call them, instead of file wrappers?

The Court: I don't think I have ever seen a file history. However, the file history in the Silberman patent will be Exhibit BL in evidence.

Exhibits BK and BL are in evidence.

(The documents referred to, marked Defendant's Exhibits BK and BL, were received in evidence.)

The Clerk: All of these are in evidence?

The Court: All the patents are in evidence, yes. What about using them, Mr. Lyon?

Mr. Leonard Lyon: Somebody is going to have to show you how to use them, I think.

I think we can do that in argument but they are something like an abstract of title. Instead of setting forth the application as it was originally filed and the Patent Office actions and the amendments, there is supposed to be and I assume there is at the end, a printed copy of the patent in [915] question and then it is marked up in red ink and by going back to the different papers that are referred to by letters in that red ink you will find an abstract of those papers.

It is not made in the Patent Office. It is made by some private person who usually is in the business of making those kind of abstracts.

If you know how to read them they sometimes save time and sometimes leave you quite at a loss.

The Court: All right, I will struggle with them.

Mr. Mockabee: I think that will be all, your Honor.

The Court: The defendant rests?

Mr. Mockabee: Yes, sir.

The Court: Well, it is time to adjourn. What do you estimate as to tomorrow, Mr. Lyon?

Mr. Leonard Lyon: Well, I want to complete that prior art chart. If we can get that done tonight I think we may be through in the morning.

The Court: Let us wind it up tomorrow if we can. If we can wind it up in the morning you can have a little time to discuss it in the afternoon.

Mr. Leonard Lyon: I have an exhibit here which I agreed to get and which I would like to have marked.

This is an agreement of September 2, 1947, between Talon, Inc. and Rex Slide Fastener Corporation and replaces the agreement between Talon and Ernst Company of June 1, 1945, [916] which is already in evidence as Exhibit AG. This might be made AG-1.

The Court: We will call it AG-1 and receive it in evidence.

(The document referred to, marked Defendant's Exhibit AG-1, was received in evidence.)

Mr. Leonard Lyon: Does your Honor want to go ahead now?

The Court: No, I am just getting some things together. We are in adjournment right now. I am trying to look over some material to take with me for this evening.

Mr. Charles Lyon: May I withdraw Exhibit AG-1 for the evening so I can get some photostats made?

The Court: Yes, you may. Let us say 9:30 tomorrow morning.

Mr. Leonard Lyon: Very well, your Honor.

(Whereupon, at 4:30 o'clock p.m. a recess was had until 9:30 o'clock a.m., Friday, March 11, 1955.) [917]

Friday, March 11, 1955, 9:30 A.M.

The Court: Call the case.

The Clerk: No. 10450-C Civil, Talon vs. Union Slide, further trial.

Mr. Mockabee: If your Honor please, I have no transcript at my disposal. I would like a little clarification of the matter of the defendant's showing of damages. It seems to me there was discussion about whether it should be submitted after you rendered your decision on the matter of the counterclaim, and as I recall it, you took it under advisement, and I don't remember exactly what the present status of it is.

The Court: My recollection was that I indicated that we would try the case at this time and not try it piecemeal, although I indicated that I might decide some of the issues which might have some bearing on that question.

Mr. Mockabee: I didn't mean to present it at a later date. The defendant's accountant is naturally tied up very busily with tax matters at the present time.

What time did you expect that you would have those figures, Mr. Lipson?

Mr. Lipson: Saturday.

Mr. Mockabee: By tomorrow, so that they could be submitted almost immediately. [920]

The Court: What is your theory of damages on the counterclaim?

Mr. Mockabee: One of the principal ones, as I understand it—I haven't seen any figures on it at all, your Honor, yet——

The Court: Aside from specific figures.

Mr. Mockabee: ——is the loss suffered by the plaintiff——

The Court: Plaintiff?

Mr. Mockabee: ——by the defendant, in any manner due to what we have maintained in the counterclaim is a misuse of the patent?

The Court: Let's assume for argument there was a misuse of the patent, how can you show any proximate causation resulting in damages to this defendant?

Mr. Mockabee: I think not directly, but indirectly, is the cost of the suit. Particularly where the suit is filed on a half a dozen patents, and preparation has to be made and investigation made of half a dozen patents, and then this issue is narrowed down to two. It is part of the whole picture, your Honor, that is our position.

The Court: The element of the cost of defending the lawsuit, then?

Mr. Mockabee: I think that is one of the principal things.

The Court: What else? [921]

Mr. Mockabee: His loss of time, which of course would be part of his cost in the defense of the lawsuit.

The Court: You don't contend for any damage

to his business or loss of profits, or anything of that sort?

Mr. Mockabee: That, your Honor, I don't know. Can you show any of that? Loss of profits?

Mr. Lipson: Yes, I can.

The Court: How would you? How could you show any loss of profits or damage to his business, other than in the limited way that you have indicated?

Mr. Mockabee: In considering our charge that plaintiff in this area first tried to maintain a minimum price under the threat, which it carried out, of bringing in a cheap zipper at a much cheaper price to drive the local competition out of business if it couldn't make it maintain the price.

The Court: Even giving full value to that testimony, that was in no way tied in with patents. That was just tied in with the general principle of competition.

Mr. Mockabee: Well, I believe that that is probably considered in connection with the counterclaim, your Honor. [922]

The Court: You haven't asked for attorney fees, have you, in your pleadings?

Mr. Mockabee: I don't think the pleadings do, your Honor. I was thinking about it the other night when the question of the amendment of the plaintiff's answer came up.

I think actually and in all equity it is properly a subject matter for defendant's claim for a recovery because of the damage suffered.

Suit was brought on a half dozen patents but

finally it was narrowed down to two for one thing.

The Court: Well, I would be inclined to permit the amendment. I permitted the plaintiffs to amend. I am not, however, indicating what I might do after the case is submitted with reference to attorney fees.

I do have a serious question as to whether under any set of facts you can show any damage to the defendant's business in the way of loss or profits or otherwise.

Generally speaking, even if the issues on the misuse of patents were found in your favor I have an open mind as to whether or not the cost of defending the suit might be a proper item of damage. That part of the cost of it which concerns attorney fees might conceivably be considered under the contention that that was part of the general damage or special damage as the case might be, or attorney fees might be considered under a prayer for attorney fees in the [923] event you prevail. I am open-minded about that.

The other part of it I don't see how you can make a tenable contention that there was general damage to the defendant.

But the point is now you are not ready to proceed on that. I take it you will be ready to proceed the first of the week.

Mr. Mockabee: Yes, your Honor. Our theory is the general situation created by plaintiff, on the evidence brought out with regard to the counterclaim, has caused a loss of business profits to the defendant.

The Court: Again how has he lost any business profits if there were contracts that were restrictive on other manufacturers who were in competition with him. He wasn't bound by any of those contracts.

Mr. Mockabee: Not the contracts.

The Court: That gave him a better chance to spread out and make money making zippers if other competitors were restrained.

Mr. Mockabee: No, the contracts, the limitations imposed by the contracts did not. However, they are part of the general picture of the charge of domination of the industry. It is my theory that the attempt to maintain prices which, of course would not have caused a loss, but the attempt was followed by the threat which was carried out to [924] undercut them until they had to go out of business. That is what it amounted to. It was brought out regarding the introduction of the Wil-zip fastener in the East and the effect that it had upon small manufacturers.

The Court: But that is not connected with the patents.

Mr. Mockabee: No, sir, that is the counterclaim.

The Court: That is simply cut-throat competition.

Mr. Mockabee: Cut-throat competition as a result of their failure to bring the local manufacturers here in line on a minimum price.

The Court: You understand the general theory under which any private recovery may be allowed for violation of the antitrust laws.

Mr. Mockabee: I don't know that I can give you a good definition of it offhand.

The Court: Well, in a Government suit the Government only has to prove a public damage—that there was a violation of the antitrust laws which injured the public.

In a private suit there must be proved not only that the public was injured but there must be proof proximately how the plaintiff was hurt.

Mr. Mockabee: Yes, I understand that.

The Court: Now, it may be that your case looked at most favorably from your standpoint doesn't even go far enough to involve antitrust laws, but there is a middle ground in [925] there where we might conceivably have a misuse of patents. I am just thinking out loud.

A misuse of patents which would be against the public interest and conceivably, of course, under proper facts and proof you might have damage resulting from that. Whether or not you could have a cause of action in that manner apart from some antitrust violation I am not so sure. Most of these cases have been cases where the matter was tied in with some antitrust violation.

Mr. Mockabee: Well, it is part of our theory that the filing of the suits under the patents was a part of this general design to attempt to control the industry and because of the filing of the suits with an imposing number of patents in suit, I understand that the defendant had to go out and get money to operate on, not through ordinary sources at reasonable rates, but paying two per cent per

month interest which is quite a cost to him. [926]

The Court: How long would it take you to put on proof of this claim for damages?

Mr. Mockabee: It could be done, with cross examination, in one morning's time.

I haven't seen the schedule of damages yet, your Honor. He won't have it prepared until tomorrow.

The Court: I suggest that you attempt to organize whatever material you have to put it on expeditiously and we will arrange some time the first of next week, Monday or Tuesday, to take whatever proof you have on that subject. Your resting will be without prejudice to reopening for that purpose.

Mr. Mockabee: Defendant testified yesterday regarding records relating to the purchase of materials by Loew for the building of the so-called Loew machines prior to Mr. Lipson's association with the company, and also records regarding purchase of materials and equipment for the improvements which Mr. Lipson put on the machines. Is your Honor interested in receiving those records?

The Court: I don't care what you do about it. You are trying your case.

Mr. Mockabee: I don't want to burden the court with them.

The Court: I don't think it is proper for me to tell you what to do. The witness has testified to this matter; there has been no contradiction of it. [927]

Mr. Mockabee: If plaintiff is willing, we are willing to submit the regular business records which can be examined. If he will stipulate what they

show, I don't think there is anything particularly objectionable about them. Would you like an opportunity to look them over?

Mr. Leonard Lyon: I am not concerned. The witness has left the stand. I am not interested in recalling him.

The Court: Well, defendant will have permission to recall him if he decides to go into that matter. But if you decide to go into it, Mr. Mockabee, then I want you to exhibit these documents to counsel at some recess, and see what stipulations can be arrived at, and so forth.

Mr. Mockabee: I will be glad to turn them over to counsel at the present time.

The Court: I am not going to take time now to have him thumb through them. I will let you recall Mr. Lipson at some later time to do it.

Mr. Mockabee: Your Honor, I realized I rested yesterday. Yesterday afternoon there was quite a discussion about the showing of the manner of operation and the apparatus in the patent to Loew. I would like permission to reopen for the purpose of examining a witness to explain, in corroboration and in more detail, the actual operation of machines built by Loew according to his invention.

The Court: First of all, although you rested yesterday, [928] the discussion this morning indicating that you wanted to offer proof of damages indicates that you hadn't rested, and in substance I have said that you may offer evidence the first of the week, so you haven't rested. In other words, you have concluded a part of your case, but your

case has not been concluded. As to this witness, what is he, an expert?

Mr. Mockabee: He is a tool maker, your Honor, who has had a good deal of experience with zipper manufacturing machinery, and is so engaged at the present time.

The Court: I don't see why we should spend a lot of time on Loew. I think I know how it operates.

Mr. Mockabee: One thing that I wanted to bring out was the matter of this 27 stations proposition, which has to do with the manner in which the metal is fed. Actually Loew built machines with considerably less than 27 stations, even though 27 stations in itself is only a matter of a couple of inches, I would say.

The Court: What is this witness——

Mr. Mockabee: It creates an impression that Loew had a machine where the operations on the strip were strung out over 27 stations, it sounds like it might be a couple of feet, when it actually isn't, and there were not that many operations in the machine.

The Court: Are you talking about the patent, or are you talking about some machine built pursuant to the Loew patent? [929]

Mr. Mockabee: The actual embodiments of the invention of the Loew patent.

The Court: In the machines which defendant Union Slide had at its plant?

Mr. Mockabee: Yes, that Loew built. And also that there is apparent discrepancy between the

statement in the specification regarding 27 stations, and the showing in the figure of the drawing, where just by casual observation it seems extremely improbable that 27 stations are involved between the coining punch which forms the recesses and projections, and the cutting punch.

The Court: Outside of that bare statement about 27 stations in Loew, there is no description in Loew showing how the 27 stations operate. Is that a correct statement of fact?

Mr. Leonard Lyon: I think that is correct.

The Court: I don't attach much significance to that statement. In one place he makes that bare statement, 27 stations, but there is no description of why it takes 27 movements to make the one piece in the Loew patent.

If you want to call this witness to tell how the defendant's accused machines operate, I will permit you to, but I am not going to let him talk about the Loew patent, because I can read it as well as he can.

Mr. Mockabee: All right, sir. The witness also has knowledge of the machines which were operated by California [930] Slide Fastener, and the machines operated by defendant.

The Court: Are you going to examine him on both of these subject matters?

Mr. Mockabee: I would like to, your Honor, as briefly as possible.

The Court: What do you contend the California Slide machines were—Silberman machines?

Mr. Mockabee: They are what we have been

talking about as Silberman type machines. They were double headed chain machines; that is the general classification that we can give to Silberman machine, Exhibit 5, the machines used by California Slide Fastener, and the accused devices.

The Court: All right. Call your witness. Let's do it as expeditiously as we can.

SAMUEL BORSON

called as a witness by and on behalf of the defendant, having been first duly sworn, was examined and testified as follows:

The Clerk: What is your name, please?

The Witness: Samuel Borson.

Direct Examination

Q. (By Mr. Mockabee): What is your age and occupation, Mr. Borson?

A. I am 36, and I am a tool and die maker.

Q. Tool and die maker? [931] A. Yes.

Q. Would you speak a little louder, please?

Where are you employed?

A. Union Slide Fastener, Inc.

Q. What kind of work do you do at Union Slide Fastener?

A. I make and re-sharpen tools used by the machines, by the chain machines at Union Slide Fastener.

The Court: Keep your voice up.

Q. (By Mr. Mockabee): By chain machines, do you mean those for producing zipper stringers?

A. Yes.

(Testimony of Samuel Borson.)

Q. And the tools are the tools that are used to form the zipper elements, is that true?

A. Yes.

Q. Do you do any other work there?

A. I maintain all the machines on the assembly line in good working order.

Q. How long have you been at Union Slide Fastener? A. Since April 1952.

Q. How long have you been employed in the slide fastener industry?

A. Approximately five years.

Q. Has your work during that time been approximately the same as that done at Union Slide Fastener, or not? A. Yes. [932]

Q. Where did you work previously?

A. California Slide Fastener.

Q. In Los Angeles? A. In Los Angeles.

Q. How long did you work there?

A. Sixteen months.

Q. Prior to that were you in the zipper industry?

A. Yes, connected with the zipper industry.

Q. Where?

A. Triple Tool and Die in Detroit.

Q. Did you do the same type of work there?

A. Yes, I done specialized form grinding on tools used by Talon, Conmar, and other companies.

Q. Did you ever build any chain machines for zippers? A. Yes.

Q. For whom?

A. California Slide Fastener.

(Testimony of Samuel Borson.)

Q. Do you recall how many machines California Slide Fastener operated?

A. At the time I started working for them, they had four double header machines and one single header. [933]

Q. Did the double-header machines produce square-type or round-type zippers?

A. The double-header produced the round-type zipper.

The Court: Single-header zippers are square?

The Witness: The single-header was square, yes.

Q. (By Mr. Mockabee): Do you from your experience with zipper machinery know whether the double-header machines of the California Slide Fastener Company could readily have been converted to the production of square-end zippers?

A. No. It would have required a lot of experimentation and redesigning of the whole machine.

Q. When you were with California Slide Fastener was there any other employee engaged in the same work as you, same type of work?

A. Yes, my immediate supervisor, Norman Dasher. He was my supervisor on the work and then we also had an assistant toolmaker who was capable of resharpening tools.

Q. While you worked for California Slide Fastener Company did the company make any attempt to convert the double-header machines to a square-shoulder machine?

A. Yes. They have spoken about it but the su-

(Testimony of Samuel Borson.)

pervisor, Norman Dasher, claimed it was impossible and impractical to convert them.

The Court: Well, that is hearsay but the point is they never did it. [934]

The Witness: No.

Q. (By Mr. Mockabee): Do you remember ever seeing Mr. Lipson, who is seated here in the courtroom, at California Slide Fastener Corporation?

A. Yes. I recall seeing him but at the time I did not know who he was.

Q. Do you know why he was there?

Mr. Leonard Lyon: I object to that, your Honor.

The Court: Sustained. What did you see him doing, if anything, at California Slide Fastener?

The Witness: They were looking over and examining the double-header machines in particular.

The Court: Did you see him do any work on any of the machines?

The Witness: No, I did not see him do any work.

Q. (By Mr. Mockabee): Was any work done on them while he was there? A. No.

Q. Subsequent to his visit were any radical changes made in the machines after Mr. Lipson visited the California Slide Fastener?

A. No, not on the double-headers.

Q. On the single-header?

A. Well, we have built the single-headers completely from the ground. [935]

Q. Do you recall how fast the double-header chain machines operated at California Slide Fastener? A. From 1200 to 1300 RPM.

(Testimony of Samuel Borson.)

Q. Was any attempt made to operate them faster? A. Yes.

Q. Do you recall how fast they tried to run them or did run them?

A. We have stepped them up to 1800.

Q. What occurred?

A. Well, the tools started breaking down very fast and we had an awful lot of trouble in maintaining the height of the projection on the scoop.

Q. Do you know how fast chain machines at the Union Slide Fastener operate?

A. From 1400 to 1600 RPM.

Q. Is it easy to determine the speed of a zipper machine?

A. Yes. You can calculate it by the RPM rating of the motor. For example, if the rating of the motor is 1700 RPM and the flywheel pulley is nine inches, why, you merely multiply it times the nine inches and divide it by the diameter of the pulley on the motor.

You could also figure it by the chain coming out. There are 12 units to an inch. Now, taking the counter which measures the inches and the yardage you merely multiply that [936] times 12 and you will also get the answer per minute.

Q. You would have to time your counter?

A. Yes.

Q. You have to time it? A. Yes.

Q. I show you three exhibits in this case and ask you if you can——

The Court: Are these the tools——

(Testimony of Samuel Borson.)

Mr. Mockabee: Punches, yes.

The Court: I don't know what punches have to do with this case at all. If anybody can tell me how they can get a patent on a punch in view of all the prior art I will buy them a new hat.

Mr. Mockabee: Well, the Exhibit 5 of plaintiff's is a machine which has an entirely different type of punch than that shown in the Silberman patent.

It is a punch that forms notches forming the square shoulder elements as distinguished from the round shoulder element and the defendant I think has successfully shown that it was the one that developed and first used these punches on that machine, which was one of the things that made it a successful machine.

The Court: You are talking about the square-shoulder zipper?

Mr. Mockabee: With the notches cut in them, yes. [937]

The Court: Well, I can go along with you that the way the notches cut was also on a square-shoulder zipper but it will probably save time to let you put your proof in. Go ahead and show the exhibit to the witness.

Q. (By Mr. Mockabee): Can you state what type of punches these are? You are now examining Defendant's Exhibit D.

A. This punch is the type that we use at Union Slide Fastener on the No. 5 chain machine which I have ground.

(Testimony of Samuel Borson.)

Q. I hand you Exhibit AT and ask you if you can identify that type of punch?

A. This is the punch we use on the double-header machine, No. 3 chain, which I have also ground.

Q. I hand you Exhibit 5-D made in two parts and they are tied together in such a manner that they are reversed in position, but I will ask you if you can identify the type of punch embodied in that exhibit?

A. No, I don't recall seeing this punch before.

Q. Can you explain the reason for the grooves in the sides of the punches, Exhibits D and AT?

A. Would you repeat that question, please?

Mr. Mockabee: Will you read the question?

(Question read.)

The Witness: The grooves in the side of the punches are what we call fin trimmer slots.

The Court: What kind of slots? [938]

The Witness: Fin trimmer slots. And we use it to put two notches one on either side of the wire.

Q. (By Mr. Mockabee): Are you familiar with punches wherein those slots on the side do not occur? A. Yes.

Q. In other words punches where notching is not performed?

A. The round chain or the double-header machines that we used at California Slide Fastener did not have the slots in the punches.

Q. Is there much difference in the skill required

(Testimony of Samuel Borson.)

to produce the type for the round fastener and that for the notched strip?

A. Yes, very much. An ordinary tool and die maker could make a punch very easily of the type used by California Slide Fastener.

The Court: Do you mean by that that more skill is required to make the punch that is used to make the square hole zipper?

The Witness: Yes.

The Court: It is a harder job to do?

The Witness: It is.

Q. (By Mr. Mockabee): Do you know what kind of material feed is used on the machines of Union Slide Fastener?

A. We use what we call a roller type feed. [939]

Q. You mean that the wire is fed between a pair of feed rollers?

A. Yes; the wire is fed between the two rollers.

Q. Do you know of any other kind of feed?

A. There is a type of feed which is used by different industries what they call a friction slide feed.

Q. Does that embody the use of a finger or pin or engaging and feeding? A. Yes.

Q. Can you tell me the difference between them in the effect that it has on the manner in which that portion of the machine is made and the portion or relation between the feed and the forming punches?

A. Well, the roller type feed is more precise and they are both used in different types of work.

(Testimony of Samuel Borson.)

But in precision work we always prefer the roller type feed.

Q. Is there any difference in the compactness of the mechanism for feeding and forming a zipper element from a strip with regard to the two types of feed? A. (No answer.)

Q. Strike that. Are the zipper elements all formed in one operation at one point?

The Court: On what machine?

Mr. Mockabee: On any modern machines. Those of Union Slide Fastener. [940]

The Witness: No, they are not formed in one operation.

Q. (By Mr. Mockabee): Are they coined first?

A. Yes.

The Court: That is true of all machines, isn't it?

Mr. Mockabee: Yes.

The Court: I haven't seen a machine yet where with one stroke of the flywheel it does everything. Does anybody have one that does?

Mr. Mockabee: I am getting to this on elements that are separated entirely from the strip first. Some of the art shows that, your Honor.

Q. (By Mr. Mockabee): How many stations are there on the Union Slide Fastener machines between the coining station and the element severing or cutoff station? A. Five stations.

Q. Does that include the coining and the cutoff?

A. Yes. [941]

Q. Have you seen——

The Court: By five stations, you would refer to

(Testimony of Samuel Borson.)

five different actions that take place, each motivated by one turn of the crank shaft?

The Witness: Yes.

The Court: Five turns of the crank shaft, then.

The Witness: Yes.

Q. (By Mr. Mockabee): Have you seen any machines made in accordance with the disclosure in Exhibit O, patent to Sigmund Loew?

Mr. Leonard Lyon: I don't believe the witness has been qualified to read and understand a patent.

Q. (By Mr. Mockabee): Mr. Borson, have you had any experience in reading and interpreting drawings?

A. Yes. I could not do any work without blueprints, and I am very well versed in blueprint reading.

Q. Can you recognize what the drawing on that patent——

The Court: I am going to overrule any objections. If a man is a tool maker, as far as I am concerned I will give him as much credence or more than I will give the average so-called expert witness who comes in here to interpret patents.

Mr. Leonard Lyon: I agree with that myself, and I agree that he can read the drawing; but he was asked about the disclosures of the patent. If he confines his testimony to the drawing, why, there is no point in my objection. I don't know as he [942] knows how to interpret specifications.

Mr. Mockabee: I meant the drawing. We will restrict it to a consideration of the drawing.

(Testimony of Samuel Borson.)

Q. (By Mr. Mockabee): Have you ever seen a machine embodying the structural principles shown in the drawing of the Loew patent, Exhibit O?

A. Yes, this looks like a friction type feed on this exhibit, or a slide feed, as we often call it.

Q. Where have you seen it?

A. Well, I have seen it at Union Slide Fastener.

Q. What type of machine was that?

A. On friction type feed, on general press work.

Q. Was it a double header machine?

A. No, we did not use any of this type feed on our double header machines at Union Slide Fastener.

Q. Has the machine been in use since you have been employed there? A. No.

Q. But you have examined it, is that true?

A. Yes.

Q. Does it embody a coining punch and a finish forming and severing punch on a single ram or head?

The Court: Is the coining punch and the cut-off punch placed together on the punch block?

The Witness: I am a little off the track there. [943] I started talking about this slide feed, and now we are talking about the machine.

Q. (By Mr. Mockabee): Yes. I am moving over. In other words, is there an assembly of punches which move together as a unit in the machine?

Mr. Leonard Lyon: Which machine? I think the witness is confused.

Q. (By Mr. Mockabee): The machine we have

(Testimony of Samuel Borson.)

just been talking about, the single header machine.

A. The single header machine?

Q. Yes.

A. It has a series of tools employing the coining, notching, the blanking, and the cut-off and closing positions.

Q. Do they move together?

A. Yes, they move together, or they are timed together.

Q. Do you know, to your knowledge, who constructed that machine? A. No, I don't.

Q. Do you know how many stations are involved between the coining and the cut-off, and including those two operations?

A. Between the coining and the cut-off—including the coining and the cut-off stations, is a total of five.

Q. Do you have facilities for producing machinery at Union Slide Fastener? [944]

A. Yes, we do.

Q. Do you produce any other type of machinery, or have you produced it?

A. Yes, we have produced machines, other machines for our own use, and we have also done defense work, where we have built different types of tools.

Q. Other zipper machinery? A. Yes.

Mr. Mockabee: Your witness, Mr. Lyon.

Mr. Leonard Lyon: I have no questions, your Honor.

The Court: Step down. Thank you.

Is there anything further now, Mr. Mockabee, except your damage evidence?

Mr. Mockabee: No, sir.

I handed to the clerk this morning an outline of at least the principal prior art upon which we are depending. I was a little bit pressed for time over-night.

The Court: I wonder how we can treat this.

Mr. Mockabee: I have tried to make it what I would say if I were standing there discussing it within the limitations that I had for discussion.

The Court: Can we give it an exhibit number, not as evidence? Or how shall we mark it, what shall we do with it?

The Clerk: I thought it was a brief. Isn't that what it is? [945]

The Court: It is, in a way, in the nature of argument.

Mr. Mockabee: If I had given it verbally, it would have gone into the record.

With regard to some of the art, I believe I did previously make some remarks. It probably should be identified in some manner.

The Court: Is there any objection if it be copied into the record as the defendant's contentions as to the prior art?

Mr. Leonard Lyon: No, your Honor. That will be satisfactory.

The Court: It is entirely a matter of discussion or contention, because you can't testify.

Mr. Mockabee: Yes, sir.

The Court: The reporter will copy it into the

record as the contentions of the defendant as to the prior art applying to Poux '017 and Silberman '793.

(The prepared statement by counsel with respect to the prior art reads as follows:)

Re: Poux '017

Smith '352, Defendant's Ex. G, discloses a method of making paper box fasteners and issued in 1925. The drawing shows, in Fig. 2, a strip 20 with three fastener elements in their successive stages of formation, the end element being fully formed except for [946] the severing cut which finishes the tongue, numbered 11 in Fig. 3. It discloses the formation of a generally Y-shaped element by the punching out of the tongue 11.

On page 2, column 2, line 118 to page 3, column 1, line 4, it is stated, "Cooperating with the die 34 is a spring pressed plunger 35, which is shaped similarly to the die 34 and which is embraced by a female die member 36 which is adapted to move down over the margins of the male die 34 and perform the operation of punching out the end of the tongue 11. In the performance of this latter punching operation, it will be noticed that the adjacent pairs of prongs 12 and 14 are thrust downwardly into the pair of openings 33 and are thus prevented from being turned over or injured. The fasteners may be secured directly to the body of the box at this point or may be discharged into a hopper for packing."

On page 2, column 1, lines 4 through 10, it is stated, "In Fig. 2 I have illustrated the successive punching operations involved in the manufacture

of these fasteners; and it will be noted from this figure that the stock material is in the form of a strip of metal of exactly the same width as that of the finished fastener."

As in Poux '017, apparatus details are not shown, because it is a method patent and apparatus is not claimed. [947]

Hommel '266, Defendant's Ex. I, discloses a machine for making metal fasteners from a strip of material which is fed to a wire to which the fastener element is clamped. There is a metal ribbon 28 shown in Fig. 1, fed at right angles to a wire 32. The elements 11, shown in perspective in Fig. 9, are formed and secured to the wire or nail 10 at the same time, with no preliminary forming steps. While severing takes place a fraction of time before clamping, the element has been fed to its point of clamping before it is severed, and simultaneous attachment and severing is taught in Smith '352 above. Issued in 1928.

Johnson '667, Defendant's Ex. H discloses a method of making and attaching slide fastener elements and issued in 1929. It teaches the formation and clamping of not one, but a number of fastener elements, to a tape definitely before any of the elements are severed from each other. In each of Figs. 2 and 3, the lower five elements are fastened to the tape, yet are still connected together.

Sundback '884, Defendant's Ex. E, teaches the method of forming elements from a long strip and is entitled, not a slide fastener element machine, but "Sheet Metal Forming and Setting Machine."

It was owned [948] by Hookless Fastener Company, Plaintiff's former name, and issued in 1920. Sheet 11, Figs. 19 and 20 show a strip 1 with fastener elements 35 formed therein, the strip being long and the elements having recesses and projections and also jaws, shown at 35. The jaws are placed astride the edge of a tape while the member is held in the strip in the same position and location from which it was stamped from the strip. The member or element is not removed from the strip until it is clamped upon the tape. (See Poux claim 17, which calls for placing the jaws astride the edge of a tape while the member is integral with the strip, this being taught by Johnson '667.

Binns '413, Defendant's Ex. J, filed in 1930, teaches the formation, on a long strip of material, an interlocking member with interlocking portions and also jaws, placing the jaws astride a tape and closing the jaws. Maintaining the member integral with the tape until it is severed and secured to its intended carrier is taught by Smith '352, who teaches the entire method or mode of operation upon a strip, which mode of operation is illustrated by example in the specification in connection with a specifically different type of fastener.

Murphy '480, Defendant's Ex. N, teaches, in the punch press art, although a specifically different product, the formation from a long strip, of primer [949] anvils, which are kept integral with the strip until they are finally formed. This patent issued in 1928.

Sundback '857, Defendant's Ex. BF shows, in

Fig. 26, the long strip method of Sundback '884, Ex. E, which also is referred to in connection with the teaching of Smith '352, Ex. G.

Sundback '015, Defendant's Ex. M is referred to as illustrating, on sheet 4, Fig. 6, and sheet 6, Figs. 13 and 14, the formation of elements from a pre-formed bar of Y section, the method used by plaintiff for its present first line zippers.

Re: Silberman '793, Plaintiff's Ex. 3, in suit.

Poux '017, Plaintiff's Ex. 3, the other patent in suit, issued seven years prior to the filing of Silberman. Poux shows a method and claims it. Incidental to the showing of the method, there is illustrated apparatus which is not claimed as Poux' invention. It shows means for feeding a tape, rolls 12 and 13, to a predetermined position; means for feeding a metallic member towards that position, rolls 9; means immediately at that position for performing all operations upon the fed member to form slide fastener elements from the fed member and to attach the elements to the fed tape directly from the fed member, this being the head 14 with the forming members or punches 17, 19, 21 and 27 shown in [950] Fig. 2 and the jaw closing members 28 adjacent the cutter 23.

The means referred to above are in claim 1 of Silberman, which also includes specific limitations to the "feeding means" element of his general combination. These are a base, a ram, and cooperating means carried wholly by the ram and the base and driven from the shaft for forming and cutting

elements from the member and attaching elements from the member to the tape. Regarding these specific punch press parts, reference is made to Sundback '884, Def. Ex. E, which, in Figs. 1 and 2, shows a base, a shaft 8 carried thereby, a ram 15. In Fig. 4, Sheet 4, the ram 15 carries the forming punches 22, 36 and 38, punch 22 being a cutter. Fig. 3, Sheet 3, shows attaching or clamping jaws 46 which are carried by the base and connected by a shaft 50 and levers 51 and 52 to the ram 15, as described on page 3, lines 42 through 53.

Wintriss '662 of 1943, Defendant's Ex. BG, Sheet 1, Fig. 2 shows clamping jaws 58 engaged by cam 64 to actuate them, the cam 64 being directly on the main cam shaft. Also, while this patent is not prior art to Poux '017, it shows on Sheet 3, Fig. 12, the manner in which, as Lipson testified regarding the Poux method, it is necessary for the strip to flex down when it is sheared. [951]

Ulrich '380 of 1945 (filed prior to Silberman), Def. Ex. BH, on Sheet 3, Figs. 11 and 12, shows close positional relationship between the punches and the tape. It also shows cam operated clamping jaws 212 as in Wintress '662.

Taberlet '253 of 1942, Def. Ex. K, Sheet 2, Fig. 2, shows means on the ram (46 with its oblique cam face) for engaging a sliding element holder 45, 47, which has a cooperating cam face. Sheet 1, Fig. 9 shows jaw closing members 49 actuated by cam levers 52.

Behrens '783 of 1941, Def. Ex. BJ, Sheet 7, Fig. 15 shows a cutter 86 and jaw closing members 93.

Page 3, col. 1, lines 64-75 describes the operation of the clamping member to close the element with downward movement of the severing punch 86.

Wintritz '068 of 1940, Def. Ex. L for close association of cutter 98 and jaw closers 96.

Also Loew patent which was discussed at length on Thursday, March 10, 1955. [952]

The Court: Now, Mr. Mockabee, you are through with the exception of putting in some evidence with regard to damages?

Mr. Mockabee: Yes. There was mention of this license agreement yesterday, in which Mr. Lipson invested money for a half interest from Mr. Loew. Defendant I think spent most of the night trying to find it in his records and has not found it. The existence of it has been testified to. A photostat copy can be secured from Universal Button.

The Court: If anybody wants it, they can get a copy there. I don't know whether I want it or not.

Mr. Mockabee: All right, sir.

The Court: Are you ready now to proceed?

Mr. Leonard Lyon: I can proceed, subject to the defendant completing his case, at the first opportunity, your Honor.

The Court: All right. Let me take care of one thing here.

We had a letter of February 4, 1952. Was that ever given a mark?

The Clerk: Exhibit BE, your Honor, for identification.

The Court: I have read the Loew deposition,

and the offer of Exhibit BE in evidence will be refused, but it will be marked for identification so we will know what we are talking about. The witness Loew testified in the deposition that he used the letter to refresh his recollection, but his testimony consists of what he recollected, and the document itself [953] only used for refreshing his recollection. So the objection will be sustained to it. It will be available in the record to demonstrate——

Mr. Mockabee: Your Honor, regarding the admission——

The Court: Let me see, first. If I sustain the objection, of course it is really not part of the record. I could admit it into evidence with a limitation that it is not evidence whatsoever of what is contained therein, but it only shows what the witness was using to refresh his recollection.

Mr. Mockabee: That is satisfactory, your Honor.

The Court: Is there any objection?

Mr. Leonard Lyon: That is satisfactory to me.

The Court: All right. That will be the ruling, Exhibit BE received in evidence with the distinct limitation that the document itself has no evidentiary value in the case. It merely completes the record to show what Loew was referring to in his deposition when he talked about refreshing his recollection.

Mr. Mockabee: With regard to exhibits, your Honor, can I now offer Exhibits A, B, C, and D? They were offered for identification. A, B, and C are three zipper tapes. I asked Mr. Doble to try to

identify them. D was a Union Slide Fastener punch.

The Court: Did Mr. Doble ever identify those tapes?

Mr. Mockabee: No, he said he couldn't identify them. [954]

The Court: Then why should they go into evidence? They have no probative value.

Mr. Mockabee: I think I may want to use them, your Honor.

The Court: They are marked for identification. If somebody ever identifies them, they can go into evidence. But so far they are just a couple of strange pieces of tape.

Mr. Mockabee: That is true. It isn't important. Now, with regard to D——

The Court: Which are the tapes—A, B, and C?

Mr. Mockabee: A, B, and C.

Mr. Charles Lyon: Mr. Mockabee, D is in as AT.

Mr. Mockabee: I was going to say that was duplicated, and I was going to ask which one of those — according to my recollection, one witness identified Exhibit D and another one identified Exhibit AT.

The Court: The record shows that they were testified to be the same.

Mr. Mockabee: The same type of punch, yes.

The Court: Do you want to offer D in evidence?

Mr. Mockabee: It would be better, just so there won't be any confusion.

The Court: D will be received in evidence, and the offer of A, B, and C, the zipper tapes, will be

refused, objection sustained, without prejudice to any further offer if further [995] testimony is admitted.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit D.)

The Court: Are there any other exhibits, Mr. Clerk?

The Clerk: The Havekost deposition, which is AM, and the three documents, AM-1, AM-2, and AM-3, are under submission.

The Court: I am not ready to rule on that yet. Is that all?

The Clerk: Yes.

The Court: All right, Mr. Lyon.

Mr. Leonard Lyon: Mr. Burkitt.

HENRY L. BURKITT

called as a witness in rebuttal by and on behalf of plaintiff, having been first duly sworn, was examined and testified as follows:

Direct Examination

Q. (By Mr. Leonard Lyon): Will you please state your name, age and residence?

A. Henry L. Burkitt, 55; 19914 28th Avenue, Flushing, New York.

Q. You are a graduate of the University of Pennsylvania, 1922, is that correct?

A. That is correct.

Q. You are also a graduate in law with a degree of [956] LL.B. from George Washington University in 1927?

A. That is correct.

(Testimony of Henry L. Burkitt.)

Q. While there you were awarded the Order of Coif, is that correct? A. That is correct.

Q. You were an examiner in the Patent Office, as an assistant examiner, from 1923 to 1927, is that correct? A. That is correct.

Q. You are admitted to practice law in the District of Columbia, the State of Pennsylvania, the State of New York, and admitted to practice in the federal courts for the Eastern District, the Southern District of New York, the State of Connecticut, the Court of Appeals for the Second and Sixth Circuits, and the Supreme Court of the United States; is that correct? A. That is correct. [957]

Q. You have served as chairman of the board of arbitrators, American Arbitration Association, is that correct?

A. I served on a number of occasions as chairman of the board.

Q. Do you know John T. Havekost?

A. I do. He is a friend of mine.

Mr. Mockabee: Will you speak louder, please?

Q. (By Mr. Leonard Lyon): How long have you known Mr. Havekost? A. Since 1927.

Q. How well were you acquainted with him?

A. He is a personal friend of mine.

Q. Do you know David Silberman?

A. I do.

Q. How long have you known Mr. Silberman?

A. About 1940.

Q. Under what circumstances did you meet Mr. Silberman?

(Testimony of Henry L. Burkitt.)

A. I was introduced to him by Mr. Havekost.

Q. We can't hear you out here.

A. I was introduced to him by Mr. Havekost in 1940.

Q. In what connection?

A. Mr. Silberman had been sued under the Conmar patents. [958]

Q. Mr. Silberman at that time was engaged in the zipper business, was he?

A. That is correct.

Q. And what was the result of your being introduced to Mr. Silberman so far as the Conmar lawsuit was concerned? A. (No answer.)

Q. What were you supposed to do about the Conmar lawsuit?

A. I was his attorney of record until trial.

Q. For Mr. Silberman?

A. That is correct.

The Court: You say "until trial."

The Witness: Well, I was attorney of record. Other trial counsel were introduced at the trial.

The Court: Was this a case of Conmar vs. Silberman?

The Witness: That is correct.

Q. (By Mr. Leonard Lyon): Did you subsequently handle other patent matters for Mr. Silberman?

A. Continuously for Mr. Silberman.

Q. Did you file the application for the Silberman patent in suit as attorney for Mr. Silberman?

A. That is correct.

(Testimony of Henry L. Burkitt.)

Q. Did you prosecute that application as attorney for Mr. Silberman through to final grant of the patent? A. That is correct. [959]

Q. Were you advised at any time of any design work or any inventive work that was done by Mr. Havekost on a zipper machine?

A. Before the case came to trial I consulted with Mr. Silberman and Mr. Havekost on the machine that had been built before I had anything to do with their matter.

Q. What machine was that?

A. There was a rolling mill for rolling the elements and a cutting off machine to feed the rolled strip through that machine to attach the elements to the tape—two separate machines.

Q. Did you see those machines?

A. I was taken down to Philadelphia to the Hared plant at which time I was shown these machines.

The Court: These were supposed to be the machines that Silberman built that were alleged to be infringing by Conmar?

The Witness: That is correct, your Honor.

Q. (By Mr. Leonard Lyon): Were those the machines of the Silberman patent here in suit or some other machine?

A. Some other machine entirely.

Q. You are speaking now of visits to the Hared plant and speaking of a machine prior to the invention, to your knowledge, of the machine of the Silberman patent in suit?

(Testimony of Henry L. Burkitt.)

A. Yes, sir, that is correct.

Q. Now, did anybody explain those machines at the Hared plant to you? [960]

A. Mr. Havekost was with me at the Hared plant on the first occasion.

Q. Did he make any statement as to who designed those machines and built them?

A. No, not at that time—not on those machines. There was nothing said. They were just demonstrated.

Q. I asked you a question about if you ever knew of any machines that were built on a design made by Mr. Havekost.

A. There was a subsequent machine, and this was also before the suit was tried, where Havekost tried to overcome the feed of the attaching machine, still working with the formed element, tried to get away from the feed dog of the Conmar type machines and he introduced what we know as the Geneva motion. That was the second trip to Philadelphia.

Q. That you made——

A. To inspect this Geneva motion machine.

Q. When was that relative to your first knowledge of the Silberman machine that you patented in the Silberman patent in suit?

A. Quite a time if you are talking about the Silberman machine of the patent.

Q. Yes.

A. It was quite some time before the suit was terminated and the Silberman machine of the pat-

(Testimony of Henry L. Burkitt.)

ent comes after the termination of the suit. [961]

The Court: Well, it was before the Silberman application was filed then?

The Witness: Oh, yes, long before.

Q. (By Mr. Leonard Lyon): In other words the machine that Mr. Havekost designed and worked on, which you say you saw on the occasion of your second trip to the Hared plant, was a different machine from the Silberman machine of the patent in suit? A. That is correct.

Q. Both different in design and structure and different in time, is that correct?

A. That is right.

Q. Now, can you tell us just what—or, can you give us the essential features of the Havekost machine, if it was a machine, that you saw on the occasion of this second visit to the Hared plant in Philadelphia?

The Court: Let me see if we can tie this down a little better.

It has already been referred to as a Geneva motion machine.

The Witness: The second machine was the Geneva motion machine. The first one—I don't know who has to do with that machine.

The Court: What is the first machine?

The Witness: The first machines were those that I saw at Hareds. [962]

The Court: When you saw two machines?

The Witness: Well, there was one rolling mill and a number of these so-called attaching machines.

(Testimony of Henry L. Burkitt.)

The Court: All right. Then you saw a single machine which you say Havekost had made to get away from the feed——

The Witness: Dog.

The Court: Feed dog which you called the Geneva motion machine and which you call the Havekost machine.

The Witness: I call it the Geneva motion machine.

The Court: Counsel called it the Havekost machine.

Mr. Leonard Lyon: Yes.

The Court: Shall we call it the Geneva motion machine?

Mr. Leonard Lyon: I think that covers it.

The Court: What date was it you saw this machine?

The Witness: That is pretty difficult to answer, but it was quite some time before the trial. Possibly—I would say about two years before the trial.

The Court: I don't know when the trial was. That doesn't tell me very much. When was the trial?

The Witness: The conclusion of the trial must have been at the end of 1943. This was somewhere, I take it, around '41 or early '42.

The Court: All right, go ahead.

Q. (By Mr. Leonard Lyon): Now, what did this second [963] Havekost Geneva motion machine have to do with the trial? Was it built as an exhibit or something?

(Testimony of Henry L. Burkitt.)

The Court: You said the second Havekost machine.

Mr. Leonard Lyon: I understood——

The Court: So far we have had only one Havekost machine which was identified and I tried to pin it down to that. He calls it the Geneva motion machine that he saw about 1941 or '42 where Havekost had tried to get away from the feed dog. Now you say "second machine."

Mr. Leonard Lyon: I will call it the Geneva motion machine.

The Court: All right.

Q. (By Mr. Leonard Lyon): What did this Geneva motion machine have to do with the Conmar suit against Silberman?

A. Well, as I said before, he was trying to get away from the feed dog arrangement of the Conmar machines and he merely put this Geneva motion in place so as to get a step-by-step motion of the strip and that Geneva motion lasted about two or three minutes and broke down.

Q. Was the subject of the Conmar suit against Silberman against Silberman's use of a particular feed in the machine?

A. It was one of the essential elements of the Wintress patent.

Q. And you were interested as an attorney in the case [964] and in the machine or in an exhibit being developed that would eliminate that feeder, is that correct?

A. That is right.

(Testimony of Henry L. Burkitt.)

Q. And did you see this Geneva machine operate?

A. That was the first time, I understood, that they attempted to operate it. It broke down.

Q. Did you see it operate? A. Yes.

Q. And how long did it operate?

A. I would say about a minute and a half or two minutes.

Q. And what happened?

A. The Geneva motion broke down completely.

Q. Now, will you describe that machine to us?

A. Well, it was of the same type as the attaching machines that had been used by Hared before and it took a fed formed metal strip—the element had already been formed in the strip and fed it up to the place where the elements were chopped on to the tape.

Q. It was not a unitary machine in the sense that the same ram element that attached the zipper elements to the tape formed the zipper elements?

A. No; the forming was done in the rolling mill which was a completely separate machine.

Q. Now, how long—— [965]

The Court: Let me ask this question. So far we have had evidence about two kinds of feed for the metal strip. One is the knurled roller which operates with an intermittent motion pushing the strip forward, which appears in the Silberman patent and other devices. The other is the reciprocating finger shown in the Loew patent.

The Witness: Yes.

(Testimony of Henry L. Burkitt.)

The Court: Right?

The Witness: That is one of the forms.

The Court: We have heard about those two. What is this Geneva motion feed?

The Witness: The finger has to go back and forth—that is an intermittent motion. The rollers have to be rotated intermittently.

The Geneva motion is the most perfect theoretical way of getting an intermittent feed but it has great difficulty in mechanical applications.

The Court: Still I don't know what it does.

The Witness: It is a star wheel that has cuts in it and a pin fits into those cuts and as the wheel rotates in relation to a second wheel that pin engages the cuts and you get yourself a very slow motion of the fed part.

It is a standard movement. It has been used in watch work and stuff of that nature and it is good in those small mechanisms, but not in big machinery. [966]

The Court: All right.

Q. (By Mr. Leonard Lyon): On what do you base your testimony that the Geneva motion machine was, or unit, was designed by Mr. Havekost?

A. Merely that he said so and the machine was there and demonstrated to me at Hared.

Q. By him?

A. By him. He was present at that time.

Q. Was there any discussion or any statement by Mr. Havekost at any time to you that he was working on or designing a unitary machine, and

(Testimony of Henry L. Burkitt.)

by "unitary machine" I mean one in which there is a ram which carries tools which not only forms the zipper element but also actuates the cutting off device and the closure device?

Q. Not that I can recall that he ever had anything to do with.

Mr. Mockabee: Your Honor, I believe that counsel——

The Court: Just a minute. Let him finish his answer—"had anything to do with forming——"

The Witness: With forming in the same machine and the severing and attaching in the very same machine.

The Court: All right, Mr. Mockabee.

Mr. Mockabee: I object to this questioning, your Honor.

Plaintiff's counsel had an opportunity to cross examine Havekost himself at the time his deposition was taken and now [967] we are trying to get information through Mr. Burkitt as to what Havekost said.

The Court: Well, this has been a weird case. I don't think I know anything about law.

Time and time again I expect one counsel to make one kind of objection and take one position and he takes another.

I just got through making a note on the margin of my paper here that this probably resolves all doubt about the Havekost deposition in that Mr. Lyon is now going into this matter which probably resolves about letting the defendant use what Have-

(Testimony of Henry L. Burkitt.)

kost had to say. But now counsel objects. It throws me into confusion.

Mr. Mockabee: Well, my point was that—I wasn't thinking about the angle that you were thinking along, but Havekost testified as to what work he did in the production of the Silberman machine.

Plaintiff had an opportunity at that time to cross examine Havekost himself with regard to that but now apparently they are trying to get some further contradictory evidence in which to me is hearsay.

Mr. Leonard Lyon: We expect to show by this witness, your Honor, that Havekost never worked on the Silberman machine—wasn't even there—had nothing to do with it and I think this is consistent with his deposition.

The Court: Are you going to show that by Havekost's [968] statements or are you going to show that by a witness who trailed Havekost around every 24 hours?

Mr. Leonard Lyon: I am going to show it by the witness's testimony.

The Court: This witness' testimony?

Mr. Leonard Lyon: Yes.

The Court: But is this witness going to repeat then what Havekost said to him?

Mr. Leonard Lyon: No, no. He is testifying—he was the patent attorney for these people and he worked on these machines.

They were preparing for a lawsuit and they were working on it and he knows of his own knowledge

(Testimony of Henry L. Burkitt.)

what I brought out, that Mr. Havekost never claimed to have any ideas of a unitary machine while working with him which, I think, is not a question of whether Mr. Havekost was telling the truth, but a circumstance that your Honor will take into consideration.

If Havekost was inventing this machine, the Silberman machine that counsel is talking about, he certainly would have made it known to this witness.

The fact of the matter is he was working on a different machine as we expect to show by this witness.

Mr. Mockabee: I believe the deposition brings out that Havekost had no intention of trying to secure patent [969] protection and therefore why should he tell anyone that he was the inventor of any part of the machine or all of it. [970]

The Court: Before we proceed, let the record show that I have just read the Havekost deposition, Exhibit AM, and the attachments, AM-1 and AM-2.

I want to refer back in my notes to what we have under submission on Havekost, if I can find it.

About when did that take place?

Mr. Leonard Lyon: The deposition was offered at page 589 on March 8. It was at that time that I raised an objection to Exhibit 2 to the deposition.

The Clerk: Which is AM-2 in the trial.

Mr. Leonard Lyon: The deposition was offered at page 589 on March 8. It was at that time that I

(Testimony of Henry L. Burkitt.)

raised an objection to Exhibit 2 to the deposition.

The Clerk: Which is AM-2 in the trial.

Mr. Leonard Lyon: Your Honor explained to us at that time the difference between using a document to refresh your recollection, and the use of a document where you have no recollection even after looking at it.

The Court: You say it is page 589?

Mr. Leonard Lyon: Page 589.

The Court: We lawyers are made of frail substance. We get all stirred up about something and think it is very important, and sometimes it is and sometimes it isn't, and sometimes it is hard to see the forest for the trees to get perspective on some of these things.

First of all, Exhibit R is in evidence, offered by the defendant, a document signed by Havekost, being stipulated that the carbon copy might be used. It is some sort of a conveyance to Silberman, with some ambiguous language in it. [971] It is offered by the defendant, but I presume that it is going to be relied upon by both parties. Am I wrong about that?

Mr. Leonard Lyon: I think that is correct, your Honor.

The Court: Plaintiff is going to rely on the language they think is pertinent, and defendant is going to rely on what they think is pertinent.

With that state of the record, it then occurs to me that it is proper that Havekost should be questioned about things that preceded that occurrence.

(Testimony of Henry L. Burkitt.)

The situation would be stronger if the plaintiff had offered that document, but the plaintiff admits it is going to rely upon it.

However, we come now to the remark that I made to start with about we lawyers. I read this Havekost deposition, and it is clear from the Havekost deposition that Havekost, although in general terms he claims that he invented the Silberman machine, on cross examination he admits specifically that the machine he invented, if he invented one, was a machine that used preformed material.

He also, when asked about what his invention is, he thinks his invention consists of the taking of a crank shaft piston mechanism from an automobile and hooking it up with a punch press and a fastener; which I don't think even the plaintiff is going to claim is an invention.

So when the shooting is all over with, I attach very little significance to this Havekost deposition. I don't know, [972] in view of the cross examination, how defendant can get much succor out of it.

Then we have a lot of argument about whether the witness' memory was refreshed, and whether it was done properly, and discussion about Exhibits AM-1 and AM-2 for identification.

I suppose we will have to go through the deposition and pick out some of these objections.

On page 6 of the Havekost deposition, Havekost is shown the affidavit which is Exhibit 2 for identification. On page 6 of the deposition, AM, Havekost is shown the affidavit, which is now AM-2 for iden-

(Testimony of Henry L. Burkitt.)

tification, and he is asked if he recognizes that document, and he says, "That refreshes my mind, yes, sir."

"Do you recall having executed the original of that document?"

"Yes."

He identifies handwriting on the side. He tells who he delivered it to. Then the document is marked for identification only. It is not offered in evidence. And at the discussion we had beginning at page 589 and following there is no intention indicated on the part of the defendant to offer that affidavit, AM-2, in evidence, as evidence of the truth of what it contains.

Is that right? [973]

Mr. Mockabee: I believe Mr. Graham was discussing that, your Honor, and I, not having the record——

The Court: I just read it over and he so indicated.

Now, when it was marked for identification, of course the language was ambiguous. Page 7.

"Mr. Graham: I am offering it for identification."

That may be technically correct. Actually it is being marked for identification. It is not offered in evidence. At any rate, there is an objection then to apparently the offering of it for identification. Mr. McCoy objects. Self-serving, no foundation.

I take it many documents that a man might refresh his recollection from might be self-serving.

(Testimony of Henry L. Burkitt.)

The fact that he has identified it and tells what it was and lays the foundation, if any is needed for refreshment of memory.

A further objection that the witness is present, and this is not in support of any oral testimony, and leading in character.

Well, I know what Mr. McCoy means by "leading," but actually a document that refreshes a witness' recollection does that very thing, it makes him better able to answer a question that he wouldn't be able to answer if he hadn't seen it.

The Witness has established no independent recollection of the statements.

On that state of the record, if there is any need for an objection to the marking of a document for identification, I [974] will overrule the objection. So that brings us down there to where AM-2 is marked on page 8 of the Havekost deposition, line 8, marked as Exhibit 2 to the deposition, for identification. [975]

Now, we go on further. We will see where the next objection comes along.

I notice on page 12, lines 11 to 13, the witness says he was told by Silberman that Silberman wanted to develop a machine which would not be an infringement of the Conmar machine.

Can we, by stipulation, ascertain what patent or patents were being referred to with reference to the Conmar machine?

Mr. Burkitt: 2,201,068 and 2,221,740 is the second one.

(Testimony of Henry L. Burkitt.)

Mr. Mockabee: I believe they were respectively the Wintress and Ulrich, were they not?

Mr. Burkitt: Yes. The first one was Wintress and the second one Ulrich.

The Court: Are you satisfied with this identification of what they refer to as the Conmar machine?

Mr. Mockabee: Yes, I believe that is correct.

The Court: All right. I am trying to find the next objection. There is one on page 19 but I don't think that is being pressed at this time. In any event it will be overruled. That is on page 19, lines 17 to 22.

Mr. Leonard Lyon: The next pertinent objection is at the bottom of page 22, your Honor.

The Court: Well, there is an objection on page 21.

Mr. Leonard Lyon: I was referring to the objection of the use of the affidavit. [976]

The Court: All right, but while we are going through this deposition the objection on page 21 to the showing to Havekost the Silberman patent is overruled.

Now, we are on page——

Mr. Leonard Lyon: I will withdraw the objection at line 11 on page 22.

The Court: All right. Now, the next one is where?

Mr. Leonard Lyon: At the top of page 23. At the bottom of page 22 the question was:

"In Defendant's Exhibit 2 for identification

(Testimony of Henry L. Burkitt.)

there is a statement reading as follows" and so forth.

The Court: Well, the objection will be overruled on the ground that it wasn't the proper kind of an objection to have been made at that time.

In other words, we know how these things come up in the taking of a deposition. Objections have to be made on the spur of the moment and thereafter upon reflection, all of us think we could have stated our objection better, and that includes the court.

Mr. Leonard Lyon: That is why I made the objection in court, because this kind of objection doesn't have to be made at the taking of the deposition. Not being satisfied with the objection that was made I made one at the trial to the use—I am not objecting to Exhibit 2 being marked for [977] identification but what I am objecting to is it being received in evidence. And also I am objecting to it being used in the deposition as evidence or the witness being allowed to quote from it.

My experience with documents used to refresh recollection is while counsel on the other side can see them they are not evidence in the case and cannot be read into the record.

The Court: That is true—that is the general practice and this wasn't done properly to read the statement to the witness and then ask him if it is true. It is entirely different from asking the witness what recollection he now has after his memory has been refreshed.

However, there was no attempt at the time of the

(Testimony of Henry L. Burkitt.)

taking of the deposition to point that out and it really goes to the form of the question—the way the matter was submitted.

So, I am going to overrule the objection and permit the Havekost answers that follow to be part of the deposition and in evidence.

I have already told you what I think about the deposition.

Mr. Leonard Lyon: I think that covers the subject.

Then, as I understand it, your Honor has not actually ordered the Havekost deposition be received in evidence and be given an exhibit number.

I have no objection I can think of, no proper objection to the deposition being received in evidence as a deposition. [978]

The Court: Well, let me see what else we have here. All right, the Havekost deposition, Exhibit No. AM, will be received in evidence.

(The document referred to, marked Defendant's Exhibit AM, was received in evidence.)

The Court: Exhibits AM-1 and AM-2 will be received in evidence with the express limitation, however, that they are not evidence of any of the matters stated therein. They are admitted in evidence solely to complete the record to show what was before the parties at the time the deposition was taken and to what documents reference was being made.

They are expressly not evidence of the contents

(Testimony of Henry L. Burkitt.)

thereof or the statements contained therein. Any objection to that?

Mr. Leonard Lyon: None whatever, your Honor.

The Court: All right, Mr. Burkitt.

The Clerk: We also have Exhibit AM-3.

The Court: Exhibit AM-3 is the Silberman patent. We already have it in evidence.

The Clerk: That automatically puts AM-3 in evidence?

The Court: No, the Silberman patent, AM-3 is a soft copy and it is already in evidence under another exhibit number. All right, AM-3 received in evidence.

(The documents referred to, marked Defendant's Exhibits AM-1, -2 and -3, were received in evidence.)

The Court: Mr. Burkitt, will you take the stand again? [979]

The Court: Now we have a pending question. That is why I took time to read this Havekost deposition. There is a pending question and an objection just before the recess.

Mr. Leonard Lyon: The question was in substance, whether Mr. Havekost ever asserted to the witness that he was the inventor of the Silberman machine.

The Court: I think that was the question. That was the question and your objection——

Mr. Mockabee: My objection was that that information should have come from Havekost and that he should properly have obtained it at the time of

(Testimony of Henry L. Burkitt.)

the taking of the deposition when Mr. Havekost was testifying himself rather than getting it through hearsay from Mr. Burkitt. And I also note that at the time of the taking of the Havekost deposition Mr. Burkitt was present. It seems that they had ample opportunity then to get his direct testimony.

Q. (By Mr. Leonard Lyon): Were you present at the taking of the Havekost deposition?

The Court: The record so shows that Mr. Burkitt was present.

The Witness: I was present, your Honor.

The Court: Was present at the time.

Now, the defendant has offered the Havekost deposition and he has raised the issue that Havekost claimed that he invented the machine. It seems to me that this is in the [980] nature of impeachment and if it was to have been impeachment then a proper foundation should have been laid. The foundation should have been laid by saying to Havekost: "Well, did you ever state to Mr. Burkitt that you were the inventor of this device?"

Mr. Leonard Lyon: I will withdraw the question.

The Court: Now, it is after 12:00 o'clock and we will take a recess until 1:30.

(Whereupon, at 12:05 o'clock p.m. a recess was had until 1:30 o'clock p.m. of the same day.) [981]

Friday, March 11, 1955, 1:30 p.m.

HENRY L. BURKITT

the witness on the stand at the time of recess, having been previously duly sworn, was examined and testified further as follows:

Direct Examination—(Resumed)

Q. (By Mr. Leonard Lyon): At the time Mr. Havekost was working on the Geneva type machine, was he in the employ of Mr. Silberman?

A. He was in the employ then, yes.

Q. How long did he remain in Mr. Silberman's employ?

A. It wasn't too long after that unsuccessful experiment that I think the whole thing folded up with Mr. Havekost.

Q. Can you fix the date of his leaving Mr. Silberman's employ, approximately?

A. I can't fix the date, but it was quite some time before the suit was being pressed for trial.

Q. I can't quite hear you. About what year?

A. Probably toward the beginning of '42, maybe before.

Q. Can you fix it with relation to the outcome of the case which was pending against Mr. Silberman?

A. Long before that.

Q. Long before that case was concluded?

A. Yes. [982]

The Court: When was the case concluded?

The Witness: As I said before, your Honor, I think it was at the end of '42. It could have been earlier than that.

(Testimony of Henry L. Burkitt.)

Q. (By Mr. Leonard Lyon): I can't hear you, Mr. Burkitt.

A. It could have been earlier than the end of '42. Somewhere around that time.

Q. After that was Mr. Havekost, to your knowledge, present at any of the future work that was done on zipper machines by Silberman?

A. Not at all.

The Court: You weren't present all the time that Silberman was working on the machine, were you?

The Witness: No. I was being called down, though, I would say, at least once a week, and sometimes three or four times a week.

The Court: Called down to where?

The Witness: To this Cooper Square place where Silberman was operating.

Q. (By Mr. Leonard Lyon): Did the Conmar suit end with a decree awarding an injunction against Mr. Silberman?

A. That is correct.

Q. What was your first knowledge of the work on the machine described in the Silberman patent in suit?

A. Well, the actual machine itself——

Q. The design and the development of that machine. [983]

A. There was quite a bit of work going on continuously during the time of the trial of the suit, and from that time forward. The machine itself didn't come into existence until—my first sight of

(Testimony of Henry L. Burkitt.)

an operating machine was somewhere around April 1944.

Q. Was any work done on that machine while Mr. Havekost was in Mr. Silberman's employ?

A. No. He had nothing at all to do with that.

Q. Will you speak a little louder, please?

What relation, if any, did the injunction in the Conmar case have to the effort to produce the machine of the Silberman patent in suit?

A. Well, in the first place, we had the form strip business of the 2,201,068 patent, and then the Ulrich patent specifically claimed an element, a similar element, the square legged element we have been hearing about that.

The Court: What patent is that?

The Witness: 2,221,740 was the square legged element patent.

The Court: That first patent was whose patent? What is the name of it?

The Witness: Wintritz.

Q. (By Mr. Leonard Lyon): And those were the two patents the decree in the Conmar suit enjoined Silberman from using?

A. That is correct.

The Court: What was the name of the second patent? [984]

The Witness: Ulrich, U-l-r-i-c-h.

Q. (By Mr. Lyon): Well now, what did the injunction under those two patents have to do with the attempt to develop and design the Silberman machine of the patent in suit?

(Testimony of Henry L. Burkitt.)

A. In the first place, in the development we were getting away from the formed strip approach and Silberman wanted his men to make a machine in which the whole operation from plain flat strip would produce a zipper tape with elements attached, and we ran through continuous discussions for months there in which all of these patents had been considered, including the square-legged patent business and of course my function there was to keep him away from contempt of the injunction on the square-legged element.

The development ran along with the presentation to me on various occasions of punches and dies, sometimes with demonstrations in an actual press, to show the formation of the strip end.

No tape was run through the machine at that time because it was just to prove that punches and dies co-operate on the flat strip.

But quite a few of these attempts on his part didn't meet with my approval because the injunction, as I read it, would open him to a charge of contempt on the square-legged element regardless of whether he didn't use formed strip. And quite a bit of our battling around was to make a zipper [985] from flat—plain flat strip as a continuous operation in the same machine without violating this square-legged element patent.

Q. When did the work on the Silberman machine that you are referring to actually commence, according to your best recollection?

(Testimony of Henry L. Burkitt.)

A. It commenced somewhere in the time that the suit itself was going to trial.

Q. And what year was that?

A. That was at the end of '42. It started October 1942.

Q. And when was your first knowledge of the completion and operation of a machine constructed in accordance with the drawings of the Silberman machine patent in suit?

A. Are you talking about a finished machine?

Q. Yes. A. That was in April 1944.

Q. Then there was a period of at least 15 or 16 months required for the development and design and building of that machine. Is that according to your recollection? A. That is correct.

Q. And you were in continuous touch with that development and the progress of that effort throughout that time, and by "continuous touch" I mean as you have stated, you were called down where the work was being done and consulted frequently every week, is that right? [986]

A. I was called down there and Mr. Silberman was in my office. I would say if it wasn't every day it was at least three or four times a week.

Q. And you were acting as Mr. Silberman's patent counsel in those conferences, were you?

A. That is correct.

Q. Now, can I have Exhibits—the two punches, Exhibit AT and AS?

The Court: You have given a number for the Ulrich patent that I can't identify.

(Testimony of Henry L. Burkitt.)

The Witness: I don't think it is in the patents here, your Honor.

Mr. Leonard Lyon: We are going to have to try to find a copy of the Ulrich patent, your Honor. I tried to get one today at noon and we don't seem to have it in the courtroom.

The Witness: There is a similar patent——

Mr. Leonard Lyon: I would like to have the patent you mentioned. I can get it over the weekend. I can get it at the county library.

The Court: Here is an '075 of Ulrich.

Mr. Leonard Lyon: But that isn't the same.

The Witness: No, it is not the same, but it is the same structure but it is not the one.

Mr. Leonard Lyon: Similar drawing and disclosure.

The Witness: No, not similar drawing and disclosure. [987]

Mr. Leonard Lyon: And not the same claims.

The Witness: Not the same claims. It is a little different from the device there.

Mr. Leonard Lyon: I will have a copy of the Ulrich patent that the witness has referred to for the record.

Q. (By Mr. Leonard Lyon): I will call your attention to Defendant's Exhibit AT and AS. Do you know what the grooves in those punches are for?

A. There are grooves in only one punch and that is AT.

The groove in the AS exhibit is a release pas-

(Testimony of Henry L. Burkitt.)

sage. I take it that you are referring to the side grooves?

Q. That is correct.

Mr. Mockabee: Will you speak louder, please?

The Witness: These side grooves were the trim, release on the punch which co-operated with a member in the base to trim the element.

Q. (By Mr. Leonard Lyon): And by that trimming what shaped element is finally produced?

A. A square-legged element.

Q. When did you first see a punch with those side grooves for that purpose?

A. Well, one of the sets of punches and dies submitted to me before April 1944 included these trimmed sections and of course the accompanying member in the base, which we call [988] a die.

Q. In making your last statement have you in mind any particular incident that you were involved in in connection with such a punch?

A. Well, Silberman wanted to use this particular arrangement for making the square-legged element. I had to tell him that my interpretation of the injunction was that he was looking for trouble.

The Court: When you say it was submitted to you before April 1944, you mean submitted to you by Silberman?

The Witness: Submitted to me by Silberman, yes.

The Court: But you never incorporated a die of that design in the Silberman drawing, did you?

The Witness: I certainly did not.

(Testimony of Henry L. Burkitt.)

The Court: It was old in the art.

The Witness: It was old in the art at that time to this extent, that Silberman was doing it—I wasn't looking for this patent being used as evidence afterwards of a disclosure in contravention of the injunction.

Q. (By Mr. Leonard Lyon): What was the reason that you did not show such a device in the Silberman patent?

A. Because I thought that he had developed an element by which he could avoid the square-legged element for that purpose until some determination were made in some other litigation as to the square-legged element. [989]

Q. You mean in connection with the injunction that was issued in the Conmar case?

A. That is right, yes.

Q. And did you permit Mr. Silberman to use such a punch in his earlier machines while that injunction was in effect?

A. As far as I was concerned I would not permit him to use it.

The Court: Is this Conmar injunction reported?

Mr. Leonard Lyon: No, but we hope to have a copy of it.

Mr. Charles Lyon: What was the name of the case? Conmar against whom?

The Witness: Lamar.

Mr. Leonard Lyon: Is it reported, do you know?

The Witness: It is not reported. [990]

The Court: It went to trial on the merits?

(Testimony of Henry L. Burkitt.)

The Witness: It went to trial on the merits.

The Court: Findings and conclusions of law?

The Witness: There is a peculiar situation there, that Silberman didn't have enough money during the trial to proceed with the trial, so even though he was represented by these other trial counsel at the commencement, they decided to walk out during the trial, and the proceeding was permitted to go along as an inquest, whereupon Judge Woolsey handed down his decision, written decision, which apparently was not reported.

The Court: Is that the one where Woolsey called Silberman a pirate?

The Witness: That is correct.

The Court: You were of counsel in that case?

The Witness: I was of counsel in that case.

Mr. Leonard Lyon: But you had other famous counsel in the case with you, did you not, for Silberman?

The Witness: Kenyon and Kenyon.

The Court: Well, these patents that were adjudicated in Conmar vs. Lamar were combination patents, weren't they?

The Witness: No. The Ulrich patent is an element patent.

The Court: An element patent?

The Witness: For the slide fastener element, with the [991] legs being formed in a certain way that the final result would be a smooth outside face, over which the slider would operate.

2,201,068 patent, the Wintritz patent, was a proc-

(Testimony of Henry L. Burkitt.)

ess of rolling a strip and then a separate machine for taking that rolled strip and severing those formed elements, attaching them to the tape. That had nothing to do with the formed element. There were two separate patents involved.

The Court: Do I understand, counsel, that you content there is a difference between a patent that shows an element that is a result of a description, where the patent shows the manner in which the element is made, from another patent which shows a process to make an element, and a third situation being a machine to make an element—are those three different legal animals in the patent field?

Mr. Leonard Lyon: They are three different kinds of patents, and you might infringe all three of them, or you might infringe any one of them without infringing the other. If the patent was on the element itself, you might or might not infringe the patent on the machine, if you used that type of machine to make the element. Or if you used a non-infringing machine to make that element. And if the patent was on the process of making the element, you might use that process or not, perhaps you could find another way of making the element. But if there is a patent on the element, you couldn't make it no matter what machine or what process you used. [992]

The Court: How is a patent on the element, if there is such a thing, any different than merely a design patent?

Mr. Leonard Lyon: I have Judge Yankwich's

(Testimony of Henry L. Burkitt.)

decision here in his case in which he sustained a patent on the zipper structure itself, not on the way it was made, and it might help your Honor some time—this is an extra photostatic copy—if you would like to read that. That was a patent on the zipper itself; not on a machine for making it or a process for making it.

If you made that zipper, it didn't make any difference what process you used or what machine, you would infringe that patent.

The Court: I still say, what is the difference between that and a design patent?

Mr. Leonard Lyon: A design patent covers the ornamentation, or artistic value, if any, the device has. A patent on an element is on the mechanical merit of the element. You could call it a design patent in the sense that it is a patent on the configuration or shape or form of the thing itself. A design patent that issued is a different kind of patent, your Honor; it is for artistic merit, the appearance of something, not its utility or structural utility.

The Court: All right. Go ahead.

Mr. Mockabee: Your Honor, here is a printed copy of the Lamar and Silberman decision. I think Mr. Burkitt could probably [993] identify it.

Mr. Leonard Lyon: Well, that is fine. Thank you.

Mr. Mockabee: You are welcome.

Q. (By Mr. Leonard Lyon): Can you identify this as the decision, so-called, findings of fact and

(Testimony of Henry L. Burkitt.)

so forth; that were entered by Judge Woolsey in the case that you are referring to?

A. I can identify, I think, this copy as something that was distributed by Conmar after the suit. I have no way here of determining that it is the decision.

Mr. Leonard Lyon: I think that we can agree that this is the decision and decree in that case, can we?

Mr. Mockabee: I am willing to stipulate.

Mr. Leonard Lyon: I will ask that it be received in evidence as a plaintiff's exhibit.

The Court: What is the number?

The Clerk: Plaintiff's Exhibit 16, your Honor.

The Court: 16.

(The document referred to was received in evidence and marked as Plaintiff's Exhibit 16.)

Mr. Leonard Lyon: I would now like to pass to another subject, your Honor. I want to fix the date that the witness first saw the completed operative machine of the Silberman patent in suit.

First I will ask that a copy of the agreement between [994] Cap-Tin Development Company and Queen Manufacturing Company, April 7, 1944, be received in evidence as Plaintiff's Exhibit 17.

This agreement is included among the plaintiff's interrogatory answers, I believe.

The Clerk: But you want to use this copy instead, is that it?

Mr. Leonard Lyon: Pages 15 to 21. If we may

(Testimony of Henry L. Burkitt.)

mark that copy, it would be better, and then I can keep this copy.

Mr. Charles Lyon: Those are the interrogatory answers of February 19, 1953, the second set.

The Clerk: Is that in evidence, your Honor?

The Court: In evidence. Exhibit 17 received in evidence. I think I said also Exhibit 16.

(The document referred to was received in evidence and marked as Plaintiff's Exhibit No. 17.)

Mr. Mockabee: Your Honor, is that the same agreement as Defendant's Exhibit AA?

The Clerk: AA is pages 32 to 48.

Mr. Leonard Lyon: That is a different agreement.

Q. (By Mr. Leonard Lyon): Did you negotiate for Mr. Silberman and were you a party to the writing of Exhibit 17?

A. I didn't negotiate this, but I did have to do with an opinion that is mentioned in this agreement.

Q. Were you familiar with this agreement at the time it [995] was made? A. Yes.

The Court: This is between Cap-Tin and who?

Mr. Leonard Lyon: And Queen Manufacturing Company.

Q. (By Mr. Leonard Lyon): Who was the Queen Manufacturing Company?

A. That was an organization of a few people——

Mr. Mockabee: Will you speak louder, please?

(Testimony of Henry L. Burkitt.)

The Witness: It was an organization of a few people who started into business with a Silberman machine.

Q. (By Mr. Leonard Lyon): Was that the first machine that was sold by Silberman of the type shown in his patent here in suit?

A. So far as I know, that was the first that was sold.

Q. Had that machine been completed and sold prior to the date of this agreement, April 7, 1944?

A. It was sold with that agreement.

Q. It was sold with that agreement?

A. On that date.

Q. This agreement on the first page in the recitals states that the Cap-Tin—that is Silberman—has heretofore exhibited to Corporation an opinion of patent counsel, copy of which is annexed and made part of this agreement.

Do you know whose opinion that was?

A. That was my opinion. [996]

Q. And what did that opinion relate to?

A. It covered the machine which I had seen operating in Silberman's plant.

Q. Prior to the date of this agreement?

A. That is correct.

Q. Was that an opinion as to whether or not the machine which was being sold to the Queen Company, as recited in this agreement, was an infringement of any outstanding patents to third parties?

A. That was the opinion for that purpose.

(Testimony of Henry L. Burkitt.)

Q. And can you therefore fix, by reference to the date April 7, 1944, of this Exhibit 17, the fact that a machine constructed in accordance with the drawings of the Silberman patent in suit had been completed and sold prior to April 7, 1944?

A. My opinion was written on the machine which had just been completed, and the opinion was as this agreement states, used as a basis for this agreement. The opinion was, therefore, based upon the operating machine, which was first demonstrated to me prior to the making of this agreement.

The Court: You had seen the machine operate prior to April 7, '44?

The Witness: That is correct, your Honor.

Q. (By Mr. Leonard Lyon): How many machines of that identical structure were manufactured at that time by Mr. [997] Silberman?

A. I don't know how many he had parts for; when the demonstration was made to me there was one machine running in the plant.

Q. And was that the one that was sold to the Queen Company?

A. I don't think so, because I supervised the knocking down of the machine for making patent drawings, took my draftsman in there for that purpose. I don't think he sold that specific machine, because I saw it on a number of occasions following my first inspection.

Q. Who actually made the drawings that appear in the patent in suit, the Silberman patent?

(Testimony of Henry L. Burkitt.)

A. Edmund G. Gessmann.

Q. Was he your draftsman?

A. My patent draftsman.

Q. From what did he make those patent drawings?

A. From the machine, and also from sketches supplied by the draftsman, but mainly from the machine itself which was knocked down for that purpose.

Q. Were you present with the draftsman when he inspected the machine? A. Sure.

Q. Did you check the patent drawings against the machine? [998]

A. After he made the patent drawings, I came back and had the machine knocked down a second time so as to check the specification against the machine itself.

Q. Did you proceed promptly with the filing of the application, I mean the drawings were made diligently and you were diligent about preparing the text of the application?

A. As quickly as we could we prepared the drawings and then the text, and checked the drawings against the machine to get it on file.

The Court: Is this evidence, Mr. Lyon, of what you refer to as the swearing back to show Silberman was prior to Loew? [999]

Mr. Leonard Lyon: Yes, your Honor.

I ask a copy of the letter addressed to Mr. Sigmund Loew and Union Slide Fastener Company

(Testimony of Henry L. Burkitt.)

dated August 11, 1948, be marked for identification as Plaintiff's Exhibit 18.

The Clerk: Marked Plaintiff's Exhibit 18 for identification.

(The document referred to was marked Plaintiff's Exhibit 18 for identification.)

Mr. Leonard Lyon: While counsel is looking at this exhibit I will ask another question on another subject.

Q. (By Mr. Leonard Lyon): Were you present in April, 1944 at a run of the Silberman machine which you referred to, at which time its speed of operation was determined?

A. At that time the speed was not determined, but the machine was running with the tape and elements coming off.

The Court: This was in April of 1944?

The Witness: April, 1944, yes, before this Queen machine was sold.

And I was fascinated by the standing still effect, of the stroboscopic effect of the elements. They were going down as a continuous white band. I don't remember whether it was steel or aluminum being used, but it was a continuous white band they were going so fast. And after I stood there for some time I asked somebody to come over and knock the machine down so I could see the internal parts. [1000]

They didn't want to do it because Silberman wanted the machine run continuously until the punches wore out or broke down and I told him I

(Testimony of Henry L. Burkitt.)

wouldn't wait around until that happened and made them break it down at that time.

Q. (By Mr. Leonard Lyon): Well, did you at some date determine the speed of that machine?

A. There was a test run made for me at Cooper Square, I am pretty sure it was, and they used a tachometer at that time.

Now, that speed run was for the purpose of showing me that the Silberman machine of the patent could make and attach elements as fast as the Conmar machine could merely cut off and attach.

The Court: This speed run was later?

The Witness: Later than April, 1944. It was long before the application was filed.

The Court: What speed did it attain?

The Witness: Somewhere between 2,000 and 2,500. My recollection is around 2,200.

The Court: Did that machine you saw operating have the steel spring bars across the top of it similar to Exhibit 5 in Judge Hall's courtroom?

The Witness: No, that was a later development still.

The Court: Did it have the lip on the closing jaw?

The Witness: The closing jaws are the same as they are [1001] in the patent two step.

The Court: Did it have a vacuum attachment to clean out the metal?

The Witness: We weren't taking any metal off the strip at that time.

(Testimony of Henry L. Burkitt.)

Mr. Mockabee: I can't hear the witness.

The Witness: We weren't taking any metal off of the strip that time. That was a complete scrap-less metal.

Q. (By Mr. Leonard Lyon): Then the answer is no to the court's question?

A. No. There may have been an air blast there to keep it clean because the cutting punches themselves shear off little bits of metal that have to be blown out of the punches regardless of whether you are taking scrap or not.

Mr. Mockabee: Your Honor, regarding the letter. You testified that you wrote this letter, Mr. Burkitt?

Mr. Leonard Lyon: I haven't had a chance to ask him any questions about it yet.

The Court: There is no testimony about it yet.

Mr. Mockabee: Pardon me.

Q. (By Mr. Leonard Lyon): I hand you Plaintiff's Exhibit 18 for identification. Is this a copy from your files of a letter mailed by you under date of August 11, 1948 to Sigmund Loew and Union Slide Fastener Company, Inc., by registered mail? [1002]

A. It is. I have looked at it before. I gave it to you before the recess.

Mr. Leonard Lyon: I will ask that Exhibit 18 be received in evidence.

Mr. Mockabee: Your Honor, the letter has no signature on it. It has some initials that apparently are not Mr. Burkitt's initials. It also says

(Testimony of Henry L. Burkitt.)

"registered mail" and I was wondering whether they had any evidence that it was delivered by registered mail.

The reason I ask that is because I just consulted my client and he doesn't recall getting it.

The Court: Well, that seems to be an inquiry and not an objection.

Mr. Mockabee: I made it the basis of an objection, your Honor.

The Court: What are the initials A-B-7 mean?

The Witness: Those are the notations that I dictated, "A" and others are my secretary's.

The Court: You are No. "A," are you?

The Witness: That is correct.

The Court: And the secretary is "B?"

The Witness: Yes.

The Court: Did you have seven secretaries?

The Witness: No. This was the seventh one in that line. I have a method of designating the successor secretaries. [1003] 7 would be a particular person.

Those initials at the top are the initials of the secretary at the time the letter was mailed.

This copy is a copy of the letter in my file book and only letters which were mailed and so initialed are put in that letter book.

Mr. Mockabee: Was there any return receipt on that letter?

The Witness: So far we haven't been able to trace the file in connection with that letter, so I instructed my secretary from here, to look up the

(Testimony of Henry L. Burkitt.)

letter book which she did, and sent me this copy. I received it today.

Q. (By Mr. Leonard Lyon): Do you recall this letter?

A. Oh, yes. I remember sending this letter and the subsequent letter that you are holding now in your hand. The subsequent letter was merely to send a copy of the patent which arrived in my office the day after I sent the other.

Q. You are referring now to Exhibit 15?

A. That is correct.

Q. And did you send this Exhibit 15 in the regular course of mail to the Union Slide Fastener Company on August 12, 1944?

A. That is correct. That was the—those are the initials that indicate the date.

Q. 1948? [1004] A. 1948, yes.

Q. And did you enclose with that letter a copy of the Silberman patent in suit? A. I did.

Mr. Leonard Lyon: We will ask Exhibit 15 for identification be received in evidence here as Exhibit 15.

Mr. Mockabee: I will have to make the same objection, your Honor. My client doesn't recall having received either of those letters.

If he recalled it I would be willing to stipulate to them but he has no recollection of it.

The Court: You patent lawyers simply ignore all the rules.

There is a customary rule around this jurisdiction that if you want to use the copy of a letter

(Testimony of Henry L. Burkitt.)

you serve upon the other side a notice to produce the original. Then if they don't produce the original you lay a foundation and use a copy.

Mr. Leonard Lyon: Usually the defendant in a patent case, if you produce your office copy of a notice you sent to him by registered mail, you don't have to go to that trouble. But we certainly will file such a motion if you think it is necessary.

The Court: It is not a motion. I am talking about a notice to produce. [1005]

Mr. Burkitt, as to Exhibit 18, the one-page letter, 18 for identification, did you have any personal knowledge that this letter was mailed?

The Witness: I know it was mailed because I recall the mailing of it by my secretary, particularly in connection with the subject matter in the second or third paragraph.

The Court: Do you remember the obtaining of a return receipt?

The Witness: That would have gone into the file by the secretary when it came in.

The Court: And what about Exhibit 15 for identification. Do you have any personal knowledge about that?

The Witness: I remember that we didn't have copies of the patent in the office when the first letter went out, so when they came in the next day I just put one in the mail and sent it along to Union.

The Court: The objection is overruled. Exhibits 15 and 18 will be received in evidence.

(Testimony of Henry L. Burkitt.)

(The documents referred to, marked Plaintiff's Exhibit 15 and 18, were received in evidence.)

The Court: Let me read the letter.

Mr. Leonard Lyon: Very well.

The Court: Go ahead.

Q. (By Mr. Leonard Lyon): Did you know Morris Waldman? A. Murray Waldman.

Q. Was he employed by Mr. Silberman?

A. He was one of the employees of Silberman.

Q. At the time of the development of the machine of the Silberman patent in suit to which you have referred?

A. Prior to the time that I made my inspection and for some time afterward.

Q. And was he present at the demonstration of the machine that you have referred to in April, 1944?

A. My recollection is that he was the toolmaker that I requested to knock down the machine for me.

Mr. Leonard Lyon: May I have Exhibit 18?

Q. (By Mr. Leonard Lyon): And he was the man referred to in the second paragraph of your letter, Exhibit 18?

A. Morris Waldman and Murray Waldman is the same man.

Q. The same man?

A. Yes, that is correct. He went out to California with Louis Staff and took some of the Silberman machines with him.

(Testimony of Henry L. Burkitt.)

Mr. Mockabee: Will you speak louder?

The Court: Read the answer.

(Answer read.)

Q. (By Mr. Leonard Lyon): Who was Staff?

A. A partner of Silberman.

Q. And what did they go to California for, if you know? [1007]

A. They split up, Staff going to California to set up a sort of a division of Cap-Tin of New York and called it Cap-Tin of California.

Q. And what did you base the statement on in your letter, Exhibit 18, in which you say:

“It has come to our attention that you induced one Morris Waldman, a former employee of **Charm** Slide Fastener Corporation, one time known as Cap-Tin Corporation, to leave the employ of Cap-Tin Corporation of California and divulge to you at that time secret information regarding the structure of the machine now disclosed in the above indicated letters patent.”

A. That was information and instructions received from Mr. Silberman himself.

Mr. Leonard Lyon: You may cross examine.

Cross Examination

Q. (By Mr. Mockabee): Mr. Burkitt, you state that Mr. Waldman and Mr. Staff came to California with Silberman's machines to set up the Cap-Tin branch out here, is that it?

A. That is what I understood it to be.

(Testimony of Henry L. Burkitt.)

Q. Do you know anything about California Slide Fastener Company?

A. I have heard the name but I didn't know the company [1008] except I heard it identified here as the change of name of Cap-Tin of California.

Q. When were those machines brought out to California for the purpose of setting up Cap-Tin operations here?

A. I can't fix the date there except that it came after the Cooper Square business, because not too long after Cooper Square——

Q. What is the Cooper Square business?

A. That was the location of Silberman when he developed the machine of the patent. It wasn't too many months after that that he opened a plant on Broadway, New York, and set up a battery of machines there and then a number of machines were separated out—whether it was within the same year or year after I can't recall, and were shipped out to California and Louie Staff came out to California and he took along with him a toolmaker who was Waldman.

Q. Do you know how long Cap-Tin operated as Cap-Tin in California? A. No, I don't.

Q. You have no idea?

A. I have had some connection with the operations out here as they moved East again—that is some of the machines moved East again in violation of the Silberman license to Cap-Tin of California, but when the operations out here terminated I have no idea. [1009]

(Testimony of Henry L. Burkitt.)

Q. In your opinion and with your knowledge of the zipper art, wouldn't you say that ratchet feeds for material are old and well-known mechanisms?

A. If you are talking about ratchets and pawls you find them in every mechanical book. [1010]

Q. In developing a new machine such as that of the Geneva gear, isn't it often that that first prototype might be subject to a failure of some kind?

A. First prototypes have that illness.

Q. As a patent lawyer, does it constitute infringement of a patent to show a patented part in an application drawing?

A. You are asking me as to what the conclusion would be in *Conmar vs. Lamar*, if we made such a disclosure?

Q. Yes, I was wondering——

A. I wasn't interested whether the disclosure in the patent application would be so construed. I was interested in what would run through Mr. James' mind, the attorney for *Conmar*. And I had every reason to believe that we were not going to be left alone.

Q. Have you ever heard of a case where a disclosure in a patent drawing has been the basis of any charge of infringement?

A. It could be used as evidence of what was going on in our plant.

Q. You are predicting what would have happened in this particular case. I would like to know if you have ever heard of a case where a

(Testimony of Henry L. Burkitt.)

disclosure in a patent drawing has been the basis of an infringement charge.

A. Never having researched that question directly, I can't say that I did. [1011]

Mr. Mockabee: I think that is all, your Honor.

The Court: Well, are you through?

Mr. Leonard Lyon: That is all. I have another witness.

The Court: All right. I will ask a question. It will be the court's question and either one of you can cross examine.

I looked over the file history in Silberman and read the letter which you wrote to make the Silberman application special. Did you ever bring this contemplated lawsuit that you were talking about?

The Witness: F.L.G. folded up.

The Court: Who was F.L.G.?

The Witness: Three individuals, one of them by the name of Gilman. My next contact with Gilman was Swan Manufacturing Corporation in Boston where Swan was sued.

The Court: Who sued Swan?

The Witness: Silberman did. Talon became a party afterwards, and there was a consent decree and injunction under the Silberman patent.

The Court: Well, I don't know that I understand you yet. What does F.L.G. mean?

The Witness: There were three individuals, they formed a company with their initials.

The Court: Who were they?

(Testimony of Henry L. Burkitt.)

The Witness: F.L. I don't know. Gilman I know was one [1012] of the parties in F.L.G. They folded up a very short time——

The Court: Who folded up—Gilman?

The Witness: F.L.G.

The Court: Who was the third party? You say F.L. and G. stood for three parties.

The Witness: I don't know who F. was or L. was; Gilman I traced down to be the "G." of that combination.

The Court: Who was the person or persons that you were talking about bringing this suit against, F.L.G.?

The Witness: They had a corporation whose name began F.L.G. something.

The Court: In your letter were you also talking about suing this former employee who was guilty of divulging the matter—what was his name, Bert-ram Ross?

The Witness: We were using him as our means of getting the information, which we never got, on the structure of the F.L.G. machine.

The Court: The Silberman patent was issued on March 16, '48. Do you know when F.L.G. folded up?

The Witness: It wasn't too long after the initial investigation by Seltzer and Ross.

The Court: Did it fold up before the Silberman patent was issued, or after?

The Witness: Before.

The Court: I notice you stated in one of the

(Testimony of Henry L. Burkitt.)

documents in [1013] the history, I think it appears at page 102 of Exhibit BL—I was going to say you stated this, but I am not so sure whether you did or not. Just a minute. No, it is a statement by the examiner referring to the highly developed state of the art.

Are you in agreement with that as to slide fasteners?

The Witness: Slide fasteners is a highly developed art.

The Court: All right. That is all.

Any questions, counsel?

Mr. Mockabee: No questions.

Mr. Leonard Lyon: Mr. Doble.

The Court: Step down.

Mr. Leonard Lyon: I have handed copies of the papers that I am about to identify to counsel for the opposing side. I have three charts here. I will ask that the first chart, which is entitled Poux No. 2,078,017, Claim 17, be marked for identification as Plaintiff's Exhibit—

The Clerk: Plaintiff's Exhibit 19 for identification.

(The chart referred to was marked as Plaintiff's Exhibit No. 19 for identification.)

Mr. Leonard Lyon: The next chart, which is entitled Silberman No. 2,437,793, Claim 37, I ask be marked for identification as Plaintiff's Exhibit 20.

The Court: 19 was what—Silberman?

Mr. Leonard Lyon: Poux. Poux Claim 17.

The Court: And 20 is Silberman's '793, Claim 37?

Mr. Leonard Lyon: Yes.

And the third one which I ask be marked Plaintiff's Exhibit 21 for identification is entitled Silberman's '793, Claim 40.

(The charts referred to were marked Plaintiff's Exhibits 20 and 21 for identification.)

WILLIAM A. DOBLE

recalled as a witness in rebuttal, having been heretofore duly sworn, was examined and testified further as follows:

Direct Examination

Q. (By Mr. Leonard Lyon): Mr. Doble, have you studied and are you familiar with the disclosures of the patents which have been introduced here by the defendants, Exhibits E, F, G, H, I, J, K, L, M, N, O, BF, BG, BH, BI, and BJ?

A. Yes, sir.

Q. Have you prepared Exhibits 19, 20 and 21 as evidence to show your findings and conclusions as to the presence in those exhibits of the elements of Claim 17 of the Poux patent in suit, and Claims 37 and 40 of the Silberman patent in suit?

A. Yes, sir.

Q. In explanation of these exhibits you have under the claim title listed the elements called for by those claims? [1015]

A. That is correct.

Q. And at the right under the columns which refer to the individual patent exhibits, you have set forth by a "No" wherein you found that ele-

(Testimony of William A. Doble.)

ment of the claim absent in those references, and by "Yes" you have indicated wherein it is present?

A. Yes, sir, that is correct.

Q. And by the red coloring applied to the legends "No" you have indicated in color the extent to which you find the elements of the claims absent, is that correct? A. That is correct.

Q. And you adopt these Exhibits 19, 20 and 21 as your testimony, and vouch for their correctness as to what they show as indicated just in your previous testimony? A. Yes, sir.

Mr. Leonard Lyon: You may cross examine. I will offer in evidence Exhibits 19, 20, and 21. I am trying to shorten this up just as much as I can, your Honor. I could spend a lot of time on this.

The Court: 19, 20 and 21 received in evidence.

(The charts referred to were received in evidence and marked as Plaintiff's Exhibits 19, 20, and 21.)

The Court: Before cross examination starts, let me ask a question.

Take Exhibit 19 under the name of the Poux patent, the [1016] first section across there reads, "The method of forming separable fasteners," and you have listed "No" under the first four or five patents. Do you mean that those patents concern some other method?

The Witness: Yes, sir, your Honor, some other method, not the Poux method as defined in that particular claim.

The Court: Do you mean it is your opinion,

(Testimony of William A. Doble.)

after looking at the patents, that they don't precisely cover claim 17, is that it?

The Witness: That is correct, your Honor.

The Court: When I first looked at it, I got the impression that you meant that those patents did not concern the method of forming separable fasteners.

The Witness: They may or may not, your Honor.

The Court: By the word "No" there you mean that they are not the equivalent of claim 17?

The Witness: That is correct, they are not the combination in the steps or the method as called for in claim 17.

The Court: All right.

What do you mean by the statement on Exhibit 19, under the columns K and L, referring to patent to Taberlet '253 and to Wintritz '068, that they were "too late?"

The Witness: They were patents that were applied for and issued after the date of the Poux patent '017. That is, they are too late to be a reference to the Poux patent '017. [1017]

The Court: Going to Exhibit 20, your first cross column, which reads, "Slide Fastener Stringer Manufacturing Apparatus, including," where you have listed "No" all the way across, you do not mean that those patents referred to do not concern slide fasteners, but you mean that no one of those patents in your opinion contains the elements of claim 37 of Silberman?

The Witness: That is correct, your Honor.

(Testimony of William A. Doble.)

The Court: The same would be true, then, in that column as to Exhibit 21?

The Witness: Yes, your Honor.

The Court: It is true, then, by just a cursory glance at your Exhibit 21, for instance, that each of the elements, 1 to 8, shown at the left-hand side, are found in at least one or more of the patents cited?

The Witness: Yes, that is——

The Court: Are singly found in one or more?

The Witness: That is correct, your Honor.

The Court: Therefore your chart demonstrates that Silberman is a—I hesitate to use the word—I will put it this way: Silberman is either an aggregation or a combination of old elements, depending on whether or not some new result is achieved?

The Witness: That would be correct, your Honor.

The Court: Is that general statement also true as to Exhibit 20, Silberman claim 37? [1018]

The Witness: Yes.

The Court: Each of the elements singly is found in one or more——

The Witness: No, that is not true. The third element is not found in all of the references cited.

The Court: The third element?

The Witness: Yes, your Honor.

The Court: “and means immediately at that position for performing all operations upon the fed member to form slide fastener elements from

(Testimony of William A. Doble.)

the fed member and to attach the elements to the fed tape directly from the fed member?"

The Witness: That element doesn't stop there, your Honor. It goes on, "the forming means including," and then defines in more specific language what that forming means is to include.

The Court: When you take the breakdown that you included, each element in your breakdown is found singly in one or more of the cited patents?

The Witness: Yes, your Honor.

The Court: So the two columns that you have run the word "No" across as to 3, referring to "and means immediately at that position," and the second horizontal column reading, "the forming means including," where you run "No" across, that again is your conclusion that no one of those patents contains all the elements thereafter set forth?

The Witness: That is correct, your Honor. I notice [1019] there is some of the coloring has been left out in your chart. Some of the "Noes" in the part we put in last night were overlooked. I could add those in to make your chart correspond with the others.

The Court: You can do it at the recess.

The Witness: Could I take it? Because I haven't equipment here to do it, because the colors that I used smeared very easily, and I have to spray it to keep it from being smudged, so if I could take it tonight——

The Court: We are not going to worry about

(Testimony of William A. Doble.)

that. Just take a red pencil. This won't be handled enough to worry about smudging.

So as to 20, then, Exhibit 20, the same statement would be true, that claim 37 of Silberman is either an aggregation or a combination of old elements, depending on whether some new result is accomplished?

The Witness: That is correct, your Honor.

The Court: Would you like to recess now before we start cross examination on this?

Mr. Mockabee: Yes, sir. Though, I hardly think that it is going to give me time. I think without admitting the remainder of the chart, because it would take just an unreasonable length of time to go through all these things on all of these patents, I could point out maybe a couple of the more important ones in my estimation. Because I think to really [1020] digest it and answer it would have to be done possibly in a brief.

Mr. Leonard Lyon: I might say that I handed a copy of this chart, complete, except the last five references, to counsel yesterday morning, so that he wouldn't be caught unawares, and then yesterday he added the five patents, and Mr. Doble completed the chart last night, and I handed him his copy the first thing this morning so he would have a chance to look at it.

Mr. Mockabee: I hardly had much time.

The Court: Do you have further evidence this afternoon?

Mr. Leonard Lyon: No, your Honor.

(Testimony of William A. Doble.)

The Court: Well, I don't know what cross examination will do on this matter. The patents are all in evidence, it is largely a matter of argument. If the witness is wrong in his contention, it would be a matter of argument, pointing out that the evidence shows that patent so-and-so has a certain element or hasn't.

Mr. Mockabee: I don't believe that it would be feasible to try to go through all of them, your Honor, though I would like to probably in the case of—pick out one example in each chart.

The Court: Do you mean now after the recess?

Mr. Mockabee: After the recess, yes.

The Court: All right. You may do that. You can check [1021] these over. I see here is another one. There may be others.

The Witness: Yes.

The Court: We will take a short recess.

(Recess taken.) [1022]

Cross Examination

Q. (By Mr. Mockabee): Mr. Doble, referring to chart Exhibit 19, which is directed to a comparison of Claim 17, a method claim in the Poux patent in suit and the prior art referred to there, I ask you if you are familiar with Exhibit G, the patent to Smith, '352?

Mr. Mockabee: I don't quite understand the first line of these exhibits.

The Court: We have had that explained. By putting a red no after the word "Claim 17, method

(Testimony of William A. Doble.)

of forming separable fasteners which consist," he means by that "no" he doesn't find all the elements in the particular patent.

The other columns refer to the particular elements. That first column is generally conclusions as to each of these patents.

Q. (By Mr. Mockabee): In line 1 with reference to the patent to Smith, is it not true that Smith forms on a long strip of material a metal fastener member which is generally of "Y" shape?

A. Well, it is not. It has other things besides a Y-shape.

Q. Well, I am speaking of whether or not it does not include that general shape.

A. You are reading the element 1 under Claim 17? [1023]

Q. Yes, with reference to that.

A. You didn't read element 1.

Q. I am not reading element 1.

The Court: He asked you a particular question. Now, listen to the question and answer it.

He has omitted reference to recesses and projections. In substance he is asking if you don't find everything else.

The Witness: No, I don't find the jaws either but——

Mr. Mockabee: Mr. Doble——

The Witness: Points 12 and 14 are generally Y-shaped. I think that is what you asked me.

Q. (By Mr. Mockabee): And the metal fast-

(Testimony of William A. Doble.)

ener members are formed in a long strip, is that not true?

A. Yes, it is a fastener member but it is a different fastener member from the Poux patent.

Mr. Leonard Lyon: If you will just answer the question yes or no and if we require an explanation, all right, we will get along faster.

The Witness: Yes, sir. Now may I have the question, please?

Mr. Leonard Lyon: We can point out in argument if the question is not pertinent, to the item in question, Mr. Doble. You don't have to argue. We will do that.

The Witness: Yes, sir.

(Question read.) [1024]

A. (No answer.)

Q. (By Mr. Mockabee): Doesn't the strip 20 of Figure 2 shows the formation of several individual fastener elements and isn't that strip broken off to show it is an elongated strip?

A. No, I can't agree with that. It is a long strip in the process of forming fasteners, but the fasteners have not been formed until they are cut off of that strip.

Q. But can you not see three elements there in the process of formation? A. Yes.

Q. And part of a long strip? A. Yes.

Q. Have you read in the Smith description that the fasteners shown in the Smith patent may be secured directly to the body of a paper box or car-

(Testimony of William A. Doble.)

rier for the fastener at the point of the severing operation?

A. May I ask where you are reading from the patent, Mr. Mockabee?

Q. I am starting—well, to get the whole sense of it we would have to start on page 2, column 2, line 11 through page 3, column 1, line 4.

Mr. Leonard Lyon: The question is have you read those lines?

The Witness: Yes, I have read the entire patent. [1025]

Q. (By Mr. Mockabee): Well then, that states that as the element is cut off it can be secured directly to a paper carton, is that true?

A. Yes, it so states.

Q. Well now, referring to Defendant's Exhibit H, the patent to Johnson, '667, does that patent not disclose a method of making an attaching slide fastener element? A. Yes, sir.

Q. Does it not teach the formation on a long strip of material interlocking members with recesses and projections and jaws? A. Yes, sir.

Q. Does it not teach placing the jaws astride the edge of a tape? A. Yes, sir.

Q. While integral with the strip?

A. Yes, sir.

Q. And also the closing of the jaws?

A. Yes, sir.

Q. And then the severing of the fastener members from the strip?

A. No. As I read the patent it teaches cutting

(Testimony of William A. Doble.)

a plurality of members from the strip after they are applied to the tape.

It is a block operation where you have a long strip of [1026] elements and they are all simultaneously clamped onto the tape and then the elements are cut—they are cut out from that strip.

Q. In other words, instead of forming elements on a strip and individually or singly and successively severing and attaching them to a tape, under the teaching of Johnson you can secure a number of connected, still connected elements to a tape prior to severing? A. That is correct.

The Court: You answered counsel “yes” to his questions and yet your charts show “no” as to elements 1, 2 and 3.

The Witness: Because he is not forming—if we are referring to Plaintiff’s Exhibit 19, Claim 17, the method of Poux calls for forming on a long strip of material and interlocking members with recessions and projections. That is entirely a different method than taking a preformed strip and applying the whole preformed strip to the tape simultaneously.

This is a unit-by-unit operation as defined in the Poux patent.

Q. (By Mr. Mockabee): Where do you find indications that you have a preformed strip? Does not Johnson teach the forming of elements on a strip?

A. Yes, sir, a plurality of elements, a long strip of them as shown in Figure 6.

(Testimony of William A. Doble.)

Q. In other words he forms a number at one time rather [1027] than just one at a time?

A. That is correct.

Q. And that interlocking member or each of the interlocking members of Johnson is provided with recesses and projections and jaws, is it not?

A. That is correct.

The Court: The jaws on the various elements are all closed at the same time, are they?

The Witness: That is what I believe the teaching of the patent is.

The Court: Or are the jaws closed one by one?

The Witness: I believe they are closed all at one time.

Q. (By Mr. Mockabee): In other words you could take a strip such as formed by Johnson of any length such as say two feet in length, and sever a group from that strip and apply them to the tape before you even disconnect them from each other?

A. I don't think your question is clear.

Q. In other words if you wanted to make a seven-inch zipper—

A. You can clamp them on the tape and then cut them afterwards—that is, taking the whole long strip.

Q. You could put one element on or you could put two on or any number, is that true?

A. That is true but the patent teaches putting the [1028] whole long strip on, as I read the pat-

(Testimony of William A. Doble.)

ent, and then severing them as a gang—it is a gang operation.

Q. You stated——

Mr. Mockabee: Your Honor, I am just picking some examples here and I intend to discuss them further briefly, but I am trying to point out some of the pertinent art. We will therefore proceed to Exhibit 20, the Silberman Claim 37.

Q. (By Mr. Mockabee): I realize, Mr. Doble, that we have each given the other short notice on the prior art and the showing of these charts, but you have testified on the stand regarding Plaintiff's Exhibit 18, Poux '017? A. Yes, sir.

Q. Do you have a copy of that patent?

A. I do.

Q. In the apparatus shown in Poux '017, to illustrate a manner in which the method of Poux might be carried out, is there not shown means for feeding a tape in a fixed path past a predetermined position? A. Yes, there is.

Q. Is means shown for feeding a metallic member toward that position? A. Yes.

Q. And means immediately at that portion for performing all the operations upon the fed member to form slide fastener elements from the fed member and to attach the elements to [1029] the fed tape directly from the fed member?

A. I find that in the Poux patent but that element continues on down. [1030]

Q. You have separate "Noes" to these subdivisions, do you not?

(Testimony of William A. Doble.)

A. That is correct, because element 3 covers a number of—it covers the broad statement, then certain specific detail included in that statement, and if you read that entire statement you see it continues down toward the end of the claim where it reads, “and the cooperating means comprising,” and carries back to the top of element 3, which calls for all of the operations being performed by the ram or the head 14, the ram in the Silberman patent. And that last portion of element 3 reads, “and the cooperating means comprising (a) means for cutting an element from the member.”

Now, the cutting means is carried by the ram in the Silberman patent; it is not carried by the ram in the Poux patent.

The Court: Tell me at this stage how it happens when you drew this chart, Exhibit 20, and compared it with other patents, you didn't compare it with Poux '017.

The Witness: That was an oversight on my part, your Honor. I had the exhibits, and I went by the exhibits that were put in, and Poux wasn't among them, and in the pressure to get this out on time——

The Court: It wasn't intentional?

The Witness: Absolutely not.

Mr. Mockabee: No. I think we were both pressed for time. [1031]

Mr. Leonard Lyon: I think we have had lots of evidence about Poux '017, we all know that, and this was to cover the art that was put in by the

(Testimony of William A. Doble.)

defendant without explanation, other than the brief statements that Mr. Mockabee made.

Mr. Mockabee: Of course, '017 is the patent in suit, to which Mr. Doble testified.

The Witness: Then I was pointing out that the (b) portion of the cooperating means includes, "and for attaching the element to the tape as the legs of the element integrally formed in the member are extended astride the fed tape." That attaching means is operated by the ram in Silberman as defined in the upper portion of element 3, where all of the forming tools are carried by the ram.

Q. (By Mr. Mockabee): Would you say, then, that the elements of claim 37, except for the fact that the cutting means 23 of Poux and its attaching means 28 is possibly carried by another element, is the same as defined in the claim?

A. May I have that read, please?

Mr. Mockabee: I may have gotten mixed up.

(The question was read by the reporter.)

Mr. Mockabee: Is the same as shown in Poux '017?

The Witness: Now may I have that read?

(The question as modified was read by the reporter as follows: "Q. Would you say, then, that the elements of claim 37, [1032] except for the fact that the cutting means 23 of Poux and its attaching means 28 is possibly carried by another element, is the same as shown in Poux '017?")

Mr. Mockabee: Yes.

(Testimony of William A. Doble.)

The Witness: Are you referring to the drawings or specification of Poux, method of Poux?

Mr. Mockabee: I am speaking of the apparatus which is illustrative of a means of carrying out the Poux method.

The Witness: There are things in Poux, as we have all pointed out, that are inoperative to render it a practical commercial structure.

Q. (By Mr. Mockabee): I am not asking your opinion of the practicability of it; I am asking you if those elements are shown in the Poux drawing.

A. Well, to a certain extent you have in the Silberman patent the ram and the operating connection from the ram to those other elements. Now, you do not have that in the Poux patented structure.

Q. Do you have a copy of Defendant's Exhibit E, Sundback's '884? A. Yes, sir.

The Court: What figure are you going to look at, counsel?

Mr. Mockabee: I was going to refer Figs. 1 on sheet 1 and 3 on sheet 3, primarily. I think, also, a reference to Fig. 4 on sheet 4 would be helpful. [1033]

Q. (By Mr. Mockabee): I notice on Exhibit 20, with reference to Sundback '884, under subdivision 3, "the forming means including (a), (b) and (c), a base, a ram, and means for reciprocating the ram," you have "Yes."

A. Yes, sir.

(Testimony of William A. Doble.)

Q. On subdivision (d), "and cooperating means carried by the ram and the base and actuated entirely by the ram for forming portions of elements in the member including legs at the end of the member," you have "No" opposite that?

A. That is correct. In the Sundback patent '884, as shown in Fig. 20, the elements are cut out of a strip of material, which he calls the metal blank 1, and then they are punched back, shoved back into the strip, and are carried forward to the station where the element is attached to the tape.

Now, in that structure the element is not formed on the end of the metallic strip.

Q. But it is in Poux '017, is that not true?

A. That is true. And in this Sundback '884 there is a tremendous amount of scrap generated in the production of zipper stringers.

Q. Mr. Doble, does the question of whether there is or isn't any scrap have anything to do with the elements that we are referring to? We are determining whether certain elements recited in these charts are shown in these prior patents. [1034]

A. I believe it does; if you look at Fig. 20, the strip extends way beyond the element, and therefore the legs of the element or jaws of the element are not formed on the end of the strip, and that strip has progressed to a chopper-upper, which chops up the scrap. So you have at the end of this——

Q. I think we are getting off the point, Mr. Doble. Do you consider that portion of the strip

(Testimony of William A. Doble.)

from which the element is formed the essential portion of the strip, or is the scrap which is thrown away?

A. Well, they are both important. They both have a bearing on the cost of manufacture of the element.

Q. But what you are trying to do is make some elements out of a strip, aren't you?

A. Certainly you are.

Q. And that portion of the strip from which the elements are formed is the important part of the strip, is it not?

A. No; all of the strip is important.

Q. I am not going to stand here and argue with you about it. I am speaking of the means recited in claim 37 of Silberman. Then you have the feeding means. Reference, you say, is shown in Sundback's '884.

A. Yes, sir.

Q. That is also shown in Poux '017, is it not?

A. Yes, sir, it is. [1035]

Q. And it has means, the cooperating means which is composite, including means for cutting an element from the member, and for attaching the element to the tape as the legs of the element integrally formed in the member are extended astride the fed tape.

Now, is that not shown in Poux '017?

A. No, it is not.

Q. Where do you find the difference? What are rolls 9 for?

A. They are to feed the tape progressively for-

(Testimony of William A. Doble.)

ward during the manufacture of the element, and the position of the element, the legs or jaws of the element astride the tape.

Q. And there is means for cutting an element from the member, the cutter 23, is there not, in Poux?

A. Yes, there is, if you just take that particular element separate from the rest of claim 37, I find that in the Poux patent.

Q. Well, continuing with (b) of that subdivision, "as the legs of the element integrally formed in the member are extended astride the fed tape."

A. Are you speaking of Poux now?

Q. Yes. A. Or '884?

Q. I am speaking of Poux.

A. I pointed out before that that is not found, because [1036] the cutting and the attaching portion of the claim is tied back to the cooperating means, which requires that they are all carried by the ram and the base. And that is not true in Poux.

Q. But the forming means is shown, carried by the base in '884 Sundback, is it not?

A. The forming means carried by the base?

Q. Yes, the clamping jaws.

A. The clamping jaws aren't the forming means.

Q. Pardon me. I beg your pardon. I got off the track on this chart.

The forming means is carried by the ram in Sundback's '884, is it not?

A. Well, part of it is carried by the ram.

Q. The ram and the base, then.

(Testimony of William A. Doble.)

A. That is correct.

Q. And that is what claim 37 of Silberman recites, does it not? A. Yes.

Q. I now refer to Exhibit 21 relating to claim 40 of Silberman's '793. Item 4 on that chart regarding "means for feeding a tape in a fixed path past the end of the fed strip"; is that not found in Sundback '884? A. No, it is not.

Q. For what reason? [1037]

A. If you will refer, again, to Fig. 20, the tape 44 is fed past a previously separated element from the metallic strip, and not past the end of the strip itself.

Q. Again, I ask you if the portions of the strip which comprise the elements are not the portions of the strip with which we are concerned, not the scrap.

A. Well, we are concerned with both, but that is the teaching in the '884 patent.

The Court: Well, I don't agree with you. You are being very technical, Mr. Witness, when you make contentions like that on your chart.

The Witness: I don't want to argue with your Honor.

The Court: We are interested in making elements, and not making scrap.

The Witness: That is true, your Honor.

The Court: And, therefore, although I agree with you that the Sundback method is wasteful, I think when we have said that we can forget about

(Testimony of William A. Doble.)

the scrap and then look at the elements that are made.

The Witness: But the element is no longer part of the strip; it has been cut from it. Where in the Silberman patent the element is the forward end of the metallic strip. So you have a different structure that brings about a different operation, different result.

Q. (By Mr. Mockabee): Is it not true, Mr. Doble, that a [1038] claim, which is a combination claim of this type, can read upon structures which may vary considerably in specific appearance and arrangement?

A. Yes, if they operate by the same mode of operation and produce the same result. And that is just the trouble with the '884 patent.

Q. Referring again to section 4 of Exhibit 21, is this tape feeding means not shown in Poux '017?

A. Yes, there is a tape feeding means shown in the Poux patent '017.

Q. For feeding the tape in a fixed path past the end of the fed strip? A. Yes, sir.

Q. Is not Section 5, the ram and the base having complementary means for forming and separating a slide fastener element from the fed strip, shown in Sundback '884?

A. Yes, sir. I have so indicated.

Q. Regarding subdivision 6, is not that structure shown in Sundback '884? A. No, sir.

Q. In what respect does it differ?

A. Because the jaws on the base——

(Testimony of William A. Doble.)

The Court: What picture, what sketch, figure?

The Witness: I guess Fig. 20 will show it as clearly as any. The jaws on the base are those parts numbered 46, the [1039] little triangular parts opposite the legs of the elements to be attached, those are a pair of jaws on the base. They are not located immediately at the position of the separating means. The element is separated way back at the first of the jaws.

Q. (By Mr. Mockabee): That is a distance of five zipper elements, is it not?

A. That is correct.

Q. Do you know approximately how far that is?

A. It might be $\frac{5}{8}$ of an inch, or thereabouts.

Q. Does Poux '017 show jaws disposed immediately at the position of the separating means, that is, jaw closing means?

A. Yes, sir, it does.

Q. Regarding subdivision 7—

The Court: If we give to those words "immediately at" a technical meaning, then none of these patents comply with that language, because the cutting means in all of them are at least one zipper element away from the jaws. The cutting element is not at the jaws. It has to be at least one element away. So when you say "immediately at," if you give it a technical meaning, that it means at that precise spot, the cutting element isn't there. If you, therefore, say "immediately at" means immediately close to but not right at the particular spot, then,

(Testimony of William A. Doble.)

query — one zipper length, two zipper [1040] lengths, three zipper lengths, or——

Mr. Mockabee: It is our position, your Honor, it is a matter of degree.

The Court: I am merely pointing out that I don't think you can give the words "immediately at" the meaning that would ordinarily adhere to them in any of these patents.

Mr. Mockabee: Yes, sir.

The Court: Unless you had one where the cutter and the jaws were touching each other in some way, and I don't think you could make one work in that manner.

Q. (By Mr. Mockabee): Referring to subdivision 7, Exhibit 21, does not Sundback '884 show the means recited in that subdivision, regarding location on the ram for engaging the jaws to drive them into engagement with the element to close it upon the edge of the tape?

A. No, I don't read that on '884, for this reason: The ram in the '884 patent does not have the cam plates which directly engage the closing jaws to bring about the engagement or the attachment of the element to the tape.

Q. Does the claim——

A. Pardon me. I haven't finished. Nor do those closing elements directly engage the zipper element which is to be attached to the tape. They engage the scrap portion of the strip from which the blanks are made, and do not directly engage the element itself. [1041]

(Testimony of William A. Doble.)

It is a different structure and has certain handicaps in the operation of the machine. It reduces the speed, the accuracy and quality, possible quality of the element.

The Court: Does the specification of '884 show that the jaws engage the scrap?

The Witness: Yes, sir, your Honor.

Q. (By Mr. Mockabee): However, Sundback '884 does show jaw closing members, which are actuated by means on the ram, or by the ram itself, does it not?

A. Not by the ram itself, but by means connected to the ram.

Q. Connecting the ram to the jaw closing members? A. That is correct.

Q. And except for the fact that Poux '017 does not disclose means located on the ram, it does show the closing jaws for engaging the element to close it on the tape, doesn't it?

A. Yes, it includes closing jaws to attach the element to the tape.

Q. Now, we get down to division 8 of Exhibit 21. I refer you to the patent to Taberlet.

The Court: Exhibit K?

Mr. Mockabee: Yes, sir.

Q. (By Mr. Mockabee): Sheet 2, Fig. 2. Does that not show means on the ram, that means being No. 46, with an [1042] oblique cam face for engaging a sliding fastener element holder 45-47, with a cooperating cam face?

A. Yes, it so shows a structure which you have

(Testimony of William A. Doble.)

described, but that is not the mechanism which closes the jaws of the element. [1043]

Q. No, it is not a jaw closer. The element holder, this finger 45-47 assembly is not a jaw closer but it shows a member extending down from the ram with a cam face to engage a slidable member carried by the base to actuate that slidable member, does it not? A. That is correct.

Q. And on sheet 1, Figure 9 of that same patent, sheet 1, Figure 9—— A. Yes.

The Court: It couldn't be sheet 1. It would have to be sheet 3, Figure 9.

Mr. Mockabee: I beg your pardon.

Q. (By Mr. Mockabee): Do you saw jaw closing member 49? A. Yes, sir.

Q. And they actuated by cam levers 52?

A. That is right, a cam lever is shown in Figure 52 and not Figure 9.

Q. That is correct. In other words, Figure 1. In other words in that same machine, while specifically different jaw closing cam means is shown, there is an identical type of cam action shown on another sliding part of Taberlet, isn't that true?

Mr. Leonard Lyon: Identical to what?

Mr. Mockabee: Identical cam action.

Mr. Leonard Lyon: Identical to what? [1044]

Mr. Mockabee: Identical to that claimed in Claim 40 of the Silberman patent.

The Witness: I wouldn't say it is identical. I will say there is a cam action there which comprises a vertical reciprocating part having a cam

(Testimony of William A. Doble.)

surface which engages a complimentary cam surface on a horizontal block.

Q. (By Mr. Mockabee): And the vertical one is carried by the ram and the horizontal one is carried by the base? A. Yes, sir.

Q. And the two cam surfaces are slanted, the cam surfaces as shown in the Silberman patent, is that not true? A. Yes.

Q. I don't mean that the profile is necessarily the same or of the same thickness. A. Yes.

Q. But they are both slanted surfaces for cam action? A. That is correct.

Mr. Mockabee: Your Honor, I would like to leave this now with the right to, of course, discuss it in my brief.

The Court: All right. Do you have any further questions of this witness?

Mr. Leonard Lyon: No. We have no further evidence, your Honor.

The Court: Let me ask the witness this question. You are familiar with the patent Gargon, I take it? [1045]

The Witness: Yes, your Honor, somewhat.

The Court: Do you know the difference between what the court speaks of as a combination and an aggregation?

The Witness: Yes, sir.

The Court: Now, you answered my question that as to Silberman's claims 37 and 40 as shown on charts 20 and 21, that every single element in each

(Testimony of William A. Doble.)

of those claims is found at least singly in one or more of the patents shown?

The Witness: That is correct, your Honor.

The Court: Now, what new results do you contend from Silberman—what new and different results do you content results from Silberman?

The Witness: I would say it is this, your Honor.

First, for the first time in the art you could build an inexpensive machine which would operate at high speed and produce at high speed a commercially satisfactory zipper chain or stringer.

That by the particular arrangement of the punches and dies control is maintained during the manufacture of the zipper element and that control is maintained until the zipper element is securely fastened to the tape.

It is a machine in which the elements are readily timed for operation and maintained in correct time relationship and that is due to operating all of the manufacturing and attaching mechanisms directly from one structure, namely, [1046] ram of the machine.

In summarizing I might say it is an inexpensive machine that maintains complete control during the manufacturing and attaching of the elements so you get reasonable accuracy in attaching the elements to the tape.

It eliminates scrap.

It is extremely fast.

It requires only a single machine whereas the

(Testimony of William A. Doble.)

other methods require two machines and some three machines.

Offhand those are the principal points at which this invention stands out over the art.

The Court: All right, anything further?

Mr. Leonard Lyon: Nothing further, your Honor.

The Court: Does the defendant rest?

Mr. Leonard Lyon: The plaintiff rests, your Honor.

The Court: Now, all we have coming from you, Mr. Mockabee, is some evidence on damage?

Mr. Mockabee: Yes.

The Court: It will have to go over until Tuesday. I have a calendar on Monday.

Mr. Mockabee: Will that be at 9:30 or 10:00 o'clock?

The Court: Well, 10:00 o'clock. How long will you be with this evidence? Do you have any idea?

Mr. Mockabee: I don't think the presentation of it will be very long, your Honor. [1047]

The Court: Are you going to want to argue this matter orally or are you going to want to brief it?

Mr. Leonard Lyon: I would prefer to do what the court wants.

I would like to get these cases over with without briefing, but if the court requires more than can be encompassed in an oral argument I am perfectly willing to file briefs.

If we had some indication from the court at some stage as to what matters you want us to cover in an

argument then I could be prepared or be more intelligent about whether I would want to put it in a brief or in an oral argument.

Mr. Mockabee: Your Honor, I think in view of the fact that I didn't have an expert witness I might prefer to outline it in writing and try to make it as brief a brief as possible. But there are a number of points involved.

I don't particularly care to write a brief but I think that is the best way to present it.

The Court: Well, I will be prepared Tuesday and I think we can rest this pretty shortly, to give you some ideas about what I would like to hear and who I think has the burden of convincing me on various matters.

I have read the depositions. I think I have been over the entire record.

I hesitate to comment now or you will go out over the [1048] weekend and I will be faced with another five days' trial.

Mr. Leonard Lyon: It will be without prejudice.

The Court: Oh, no. I think I will hold my fire until Tuesday and then give you what I think are the issues and probably let you brief at least some parts of it.

The Clerk: Before we adjourn, I think the record should show I returned the five parts of Exhibit 5 which were not put into the record by a specific exhibit number and I think they have been put back into the machine.

The Court: Very well, the record will so show.

I take it it has been stipulated that these ma-

chines in Judge Hall's courtroom may be moved at any time?

Mr. Leonard Lyon: They have left Judge Hall's courtroom. We were afraid he might come back and find them there.

Mr. McCoy: We stipulated, also, your Honor, that the machines may be put back into production by each party and that they may be maintained as necessary for such production.

The Court: All right.

I will tell you what I would like to have you do with these three exhibits, 19, 20 and 21.

I would like to hand them back to you and although you may be crowded for space, I would like to have you put Poux '017 in the exhibit.

Mr. Doble: I will be glad to do that, your Honor.

The Court: Then I think you ought to cross off of this [1049] exhibit this matter which I found confusing and which counsel found confusing. For instance on Exhibit—on the first line of this exhibit, which is your general conclusion that there is no patent and it covers—these were to show elements and that is a general conclusion that has caused concern to both counsel and myself. I questioned you about it and even after questioning you counsel had trouble with it and somebody else will have trouble with it.

It seems to me that the best way to do would be to just draw some line through them to indicate they are not for consideration.

The Witness: Yes.

The Court: It seems to me on 20 that the first

horizontal line and these 2, 4 and 5 come within that category.

The Witness: Yes.

The Court: And on 21 only the first horizontal line comes in that category and on 17 only the first horizontal.

The Witness: Yes. I may have a little trouble taking the color out.

Mr. Leonard Lyon: We can remake them.

The Court: Don't remake them.

The Witness: I could put a line through it.

Mr. Leonard Lyon: Why not black them out? I would prefer to remake them and leave those uncolored and no "yeses" or "noes" on them at all.

The Witness: I might be able to erase them. I can try it.

The Court: Or you can clip a piece of white paper over them.

The Witness: We can cement a piece of paper over them.

The Court: It caused me a little confusion and it is my suggestion you do something about it.

The Witness: Yes, your Honor.

The Court: The witness will be handed back these exhibits.

Now, let us clean this matter up as promptly as we can on Tuesday, Mr. Mockabee.

Mr. Mockabee: Yes, your Honor.

The Court: As a matter of fact I am going to direct that after you spend some time organizing your material over the weekend you have a talk with Mr. Lyon, one or the other and see what ar-

rangements as to stipulations you can come to, if any. We might save some time. Maybe some of this material can be prepared in documentary form.

Mr. Mockabee: All right, your Honor.

The Court: Continued until 10:00 o'clock Tuesday morning, March 15.

(Whereupon, at 4:00 o'clock p.m. a recess was had until 10:00 o'clock a.m., Tuesday, March 15, 1955.) [1051]

March 15, 1955, 10:00 o'clock a.m.

The Clerk: No. 10450-C Civil, Talon, Inc., vs. Union Slide, further trial.

Mr. Leonard Lyon: I am returning to the court Exhibits 19, 20 and 21, the prior art charts prepared by Mr. Doble, with the modifications on the charts as requested by the court. I am also handing to the court a copy of the Ulrich patent, No. 2,221,740, which was referred to in Mr. Burkitt's testimony in connection with the Conmar suit, the patent on the element that he referred to. I ask that it be made a plaintiff exhibit, No. 22.

The Court: Is that number right, Mr. Clerk?

The Clerk: Plaintiff's Exhibit 22, your Honor.

The Court: Plaintiff's Exhibit 22 received in evidence.

(The exhibit referred to was received in evidence and marked as Plaintiff's Exhibit No. 22.)

Mr. Mockabee: Your Honor, I presented to the clerk a motion for leave to file an amendment to the amended answer and counterclaim, regarding award of attorneys' fees and expenses of litigation.

The Court: Is this an amendment to your prayer or an amendment to the body of it?

Mr. Mockabee: It is an amendment to the prayer, your Honor. The prayer is paragraph 12.

The Court: What is the position of the plaintiff?

Mr. Leonard Lyon: I am not conceding at all that defendant has any right to recover attorneys' fees or expenses of litigation, but I don't suppose I have anything to say about whether he can amend his prayer.

The Court: The motion will be granted. The amendment may be filed.

The Clerk: Is the amendment attached to the motion to be considered as the original amendment, counsel?

Mr. Mockabee: Yes.

The Court: I take it it can be stipulated that this amendment—it is an amendment to the prayer, and it wouldn't require a denial, would it?

Mr. Leonard Lyon: I will so stipulate.

Mr. Mockabee: Yes.

The Court: You are stipulating that a denial is not required in the prayer?

Mr. Leonard Lyon: Yes, your Honor, that it stands denied.

The Court: You want a stipulation that there is a denial, then, to this allegation?

Mr. Leonard Lyon: I don't believe it requires a denial to a prayer.

The Court: I don't think it does, either. What do you want?

Mr. Leonard Lyon: That is what I am stipulat-

ing. I am [1055] not conceding that the prayer should be granted.

The Court: I understand. You are expressing yourself and offering a stipulation that since it is in the prayer it need not be denied?

Mr. Leonard Lyon: Yes, your Honor.

The Court: All right. Is that agreeable, Mr. Mockabee?

Mr. Mockabee: Yes, sir.

In connection with the testimony of Mr. Lipson regarding purchase of an interest in the patent license from Sigmund Loew, the witness has finally found the license and I would like to present it in evidence to be considered along with his testimony as Defendant's Exhibit BM. It is a portion of the entire agreement between Loew and Lipson regarding the conditions under which Lipson and Loew entered into their business venture.

Mr. Leonard Lyon: I would like to examine the document before it is received in evidence.

Mr. Mockabee: This first part is the general business arrangement between them. The license is on the back.

Mr. Leonard Lyon: If the part of this agreement which counsel refers to is to be made of record, I would like to have the whole document made of record, your Honor.

Mr. Mockabee: That is satisfactory.

Mr. Leonard Lyon: I haven't had time to examine it.

The Court: He says he has no objection to that. What is the exhibit number, Mr. Clerk?

The Clerk: Defendant's Exhibit BM, your Honor. Shall I mark it for identification?

The Court: BM.

I understand that Mr. Lyon has indicated that he has no objection if the whole document goes into evidence, is that right, Mr. Lyon?

Mr. Leonard Lyon: I haven't had time to examine it, your Honor. I don't like to take time now. If I could make an objection later.

The Court: Mark it for identification as Exhibit BM.

(The document referred to was marked Defendant's Exhibit BM for identification.)

Mr. Mockabee: I would like to place Mr. Lipson on the stand with regard to his schedule of damages.

The Court: All right.

Mr. Mockabee: Mr. Lipson, will you take the stand?

PHILIP LIPSON

a witness called by the defendant, having been previously sworn, resumed the stand and testified further as follows:

Mr. Mockabee: I offer a copy of the schedule of damages, your Honor. The original is being sent in at the present time from Beverly Hills and I would like permission to substitute the original for this carbon copy at the present time.

Mr. Leonard Lyon: Is this an offer for identification or in evidence?

Mr. Mockabee: It is offered in evidence as Defendant's Exhibit BN.

(Testimony of Philip Lipson.)

Mr. Leonard Lyon: I object on the ground no proper foundation has been laid.

The Clerk: I have marked it for identification as Defendant's Exhibit BN.

Mr. Mockabee: We are offering it for identification at this time and I will lay the foundation.

The Court: Let me look it over. It may be marked for identification but I don't think the document itself can ever go into evidence.

The witness may be able to testify to some of these [1058] things and other matters which appear upon the books can be shown by the books or by an accountant or by stipulation.

Mr. Mockabee: This schedule, your Honor, was presented to plaintiff's counsel yesterday and no stipulation of any kind was arrived at.

Mr. Leonard Lyon: It was shown to me at 3:30 in the afternoon.

Mr. Lipson and Mr. Mockabee came to my office. I went over it with them and asked them a few questions about it and told them it was totally unacceptable to me, either in toto or as to any item on it.

The Court: Well, let us take attorney fees paid in Schedule 1-A. Can't you stipulate to that?

Mr. Leonard Lyon: I call your Honor's attention to the fact that this is not a schedule or a summary—it doesn't purport to be a summary from the books of the company and doesn't purport to say that these attorney fees were paid.

And in my conversations with these gentlemen I

(Testimony of Philip Lipson.)

find that they are not paid and I don't believe that the books reflect them.

I am entitled to know what the arrangements are with the attorneys as to whether they are to be paid.

The Court: If the obligation was incurred would it make any difference whether the fee was paid or not.

Mr. Leonard Lyon: I don't know that it was incurred and [1059] also——

The Court: What is your answer to that? If an obligation for attorney fees was incurred would it make any difference whether it was paid or not?

Mr. Leonard Lyon: If it is a reasonable obligation, one that the court approves.

The Court: Let us not mix the question up with what the court might find. Mr. Mockabee is present and could testify as to his fee. And probably this witness can testify as to what agreement he had with his attorneys and how much had been paid.

Mr. Leonard Lyon: That is what I think we are entitled to know and I also want to call your Honor's attention to the fact that this lumps the attorney fees that were incurred in connection with the counterclaim as well as the defense of the patent actions.

There is no segregation here between the counterclaim and the patent action.

The Court: Can't you take care of that by stipulation. It would be considered, would it not, that the attorney fees involve the entire action?

Mr. Mockabee: The reaction we got yesterday

(Testimony of Philip Lipson.)

was that no stipulation could be entered into with regard to any of the items on the schedule and we couldn't go any further than that. There was just a rejection of it without any discussion as to a stipulation. [1060]

Mr. Leonard Lyon: My point is, your Honor, these items do not appear on the defendant's books. They have not been paid.

Mr. Mockabee: Yes, they do.

Mr. Leonard Lyon: They have not been paid, they are not segregated between the counterclaim and the patent infringement action, and as I understand it, there is no agreement in writing for these amounts and no bills have been rendered, and I think I am entitled, under those circumstances, to find out what we are really attempted with being charged with.

The Court: Mr. Lipson, did you hire Solomon Kleinman as an attorney?

The Witness: Yes.

The Court: Or did the corporation hire him?

The Witness: Yes.

The Court: Did you hire him before or after this present action was commenced?

The Witness: After.

The Court: The suit was filed on what date?

Mr. Charles Lyon: October 17, 1949, your Honor.

The Court: The action was filed in October 1949; how soon after that did you hire Mr. Kleinman?

(Testimony of Philip Lipson.)

The Witness: A few days later.

The Court: You have listed here under Exhibit BN \$890; have you paid him that amount of money or agreed to pay him that amount of money? [1061]

The Witness: I paid him that amount of money.

The Court: That has actually been paid?

The Witness: Yes.

The Court: I take it as to all these matters of attorneys' fees, they involved both the action and the counterclaim?

The Witness: In some cases, yes, your Honor, like in the case of Mr. Graham; but not in the case of Mr. Fulwider or Mr. Kleinman, or Mr. Mockabee. Mr. Graham was to have taken charge of the counterclaim.

Mr. Mockabee: Actually, your Honor, I think I have been involved in both.

The Court: I would so find.

As to Kleinman, you say you didn't hire him in connection with the counterclaim?

The Witness: No.

The Court: Just in connection with the suit, the action brought against you?

The Witness: Yes, your Honor.

The Court: Did the corporation hire Mr. William J. Graham?

The Witness: Yes, your Honor.

The Court: Before or after October of '49?

The Witness: After October '49.

The Court: Did you have some agreement as to his attorneys' [1062] fees?

(Testimony of Philip Lipson.)

The Witness: I asked him and he told me that he couldn't stipulate, it depends on how much work he puts in there. He said he couldn't tell me in advance approximately how much. He said it all depends what goes into the case.

I found that is true with a number of other attorneys I consulted.

The Court: That is the way lawyers work, in case you haven't found out yet.

The Witness: He told me he would be reasonable.

The Court: What have you paid Mr. Graham?

The Witness: I have bills to that effect. Offhand, without consulting my records, I couldn't say. Some of the bills are due him. I think we owe him about close to \$5,000.

The Court: Where are the bills? Are they here?

The Witness: Yes, I have the bills here.

Mr. Mockabee: Is it in this folder?

The Witness: No; it is on the clip board.

The Court: Can you tell us how much was paid him to date?

The Witness: He shows on the bill the balance, and he has a little mistake in there, because my books show \$700 more paid to him than what he gives us credit for.

There are two bills, one is up to February 28th, the other one is March 9th.

The Court: I have marked a statement from Graham, dated [1063] February 28, '55, Exhibit

(Testimony of Philip Lipson.)

BO for identification. Is that the statement you received from Graham?

(The document referred to was marked Defendant's Exhibit BO for identification.)

The Witness: Yes, your Honor.

The Court: Showing services since February '50 in the sum of \$7,500, and also showing disbursements and showing payments on account, leaving a balance of \$5,964.35?

The Witness: Yes, your Honor.

The Court: That is a bill you received from Mr. Graham?

The Witness: Yes, your Honor.

The Court: Did you say there was a mistake in that bill?

The Witness: Yes; in our books it appears that we paid Mr. Graham \$700 to take care of these two items.

The Court: Take care of the two expense items?

The Witness: Yes, when he came here for the depositions, and it doesn't coincide with this figure.

The Court: So there should be an additional \$750 deducted from the balance due?

The Witness: \$700.

The Court: \$700?

The Witness: Yes.

The Court: All right. I show you a document marked BP for identification; is that a further bill you received from Mr. Graham? [1064]

The Witness: Yes, your Honor.

(Testimony of Philip Lipson.)

(The document referred to was marked Defendant's Exhibit BP for identification.)

The Court: Dated March 9, '55?

The Witness: Yes.

The Court: That was in connection with his trip out here to participate in the trial?

The Witness: Yes, your Honor.

The Court: It shows that he received on account \$350?

The Witness: Yes.

The Court: Balance due, \$538?

The Witness: Yes, your Honor.

The Court: That is correct according to your records?

The Witness: That is correct.

I have an additional bill that I didn't show as an exhibit. It is a hotel bill.

The Court: Is there any objection to the receipt in evidence of BO and BP?

Mr. Leonard Lyon: None, your Honor, with the understanding, if I am correct, your Honor, that these are offered as proof of damages. We are not at this time settling an allowance of attorneys' fees, if attorneys' fees are allowed on either cause of action, at this time.

What we are concerned with now is proof of damages under the defendant's anti-trust counterclaim. [1065]

The Court: They are certainly offered for that purpose. But I take it, also, if the court should be inclined to award attorneys' fees to the defendant,

(Testimony of Philip Lipson.)

that the same type of proof would be something that the court might consider in connection with it.

Mr. Leonard Lyon: But we might have some other proof and other lines of objection and cross examination. That would be a question of reasonable attorneys' fees. We are talking now about damages under the defendant's counterclaim, which is a different matter it seems to me.

The Court: Whether the evidence is admissible or not is entirely a different thing from what the court may do with it. I think I follow your thinking. Your contention is this, that if attorneys' fees were to be allowed as damages, then the criterion would be whether they were necessarily paid and whether they were proximately caused, and so forth. If attorneys' fees are to be allowed under the section allowing attorneys' fees in patent cases, then the question is two-fold: Was there the type of oppression and misconduct, or whatever you want to call it, that the Circuit requires to justify an allowance; and, secondly, what is a reasonable figure?

Is that the point you have in mind?

Mr. Leonard Lyon: Yes, your Honor. And, of course, I think the court understands that I am not conceding that the items referred to in this account are proper damages to be [1066] awarded under the counterclaim in this case.

I take the position that even if these expenses were incurred, as represented in this exhibit for identification, that they are not a proper showing of

(Testimony of Philip Lipson.)

damages that can be recovered under the counterclaim. And the principal case on the subject is in 297 Federal Reporter, a decision of the Second Circuit Court of Appeals, *Strauss vs. Victor Talking Machine Company*, 297 Fed. 791. I have had a photostat made of that decision, a copy for the court, and commencing at page 796 the matter is discussed under attorneys' fees, where in an anti-trust counterclaim in a patent suit there was an attempt to recover the cost of defending the patent action as damages under the counterclaim, and the Second Circuit Court of Appeals rules that that is not a proper showing of damages.

Mr. Mockabee: Your Honor, are we going to argue the law on this question right now?

The Court: I am not passing now on the law.

As a matter of fact, one thought that struck me in the matter from a legal standpoint is this: Since the statute has provided that attorneys' fees may be allowed under certain circumstances, doesn't that indicate that, therefore, attorneys' fees aren't a proper item of damages?

Mr. Leonard Lyon: I was going to make that argument.

Mr. Mockabee: Your Honor, Mr. Lyon mentioned——

The Court: It is a legal problem. [1067]

Mr. Leonard Lyon: Yes.

The Court: Can we take this evidence and meet the legal issue later? Or shall we take time now to try to meet this legal issue?

(Testimony of Philip Lipson.)

Mr. Leonard Lyon: I think for the matter of completing the record the evidence should be taken, but I wanted the record to show that I was not waiving the point that I make, that these expenses are not a showing of damage under the counter-claim.

The Court: Then suppose I reserve to you a motion to strike these various exhibits and this testimony?

Mr. Leonard Lyon: Yes, I would appreciate that.

The Court: In order to preserve your record.

Mr. Leonard Lyon: Yes, your Honor. I would appreciate that.

The Court: All right.

Exhibits BO and BP received in evidence.

(The documents referred to were received in evidence and marked Defendant's Exhibits BO and BP.) [1068]

The Court: Now, Mr. Lipson, you handed me another bill. You handed me a statement from the Biltmore Hotel in the sum of \$67.30. It apparently is expenses of Mr. W. J. Graham when he was out here participating in the trial.

The Witness: Yes, sir.

The Court: And this has been paid by your corporation.

The Witness: That is right, your Honor.

The Court: This will be marked as Exhibit BQ and received in evidence.

(Testimony of Philip Lipson.)

(The document referred to, marked Defendant's Exhibit BQ, was received in evidence.)

The Court: Now, did you later employ, or did your corporation later employ Fulwider & Mattingly?

The Witness: Yes, your Honor, at the suggestion of Mr. Kleinman that we have a patent attorney.

The Court: And they sent you a bill for their services?

The Witness: Yes, your Honor.

The Court: And has that been paid?

The Witness: Yes, with the exception of \$16.99 which remains unpaid yet.

Mr. Mockabee: Speak a little louder.

The Court: How much is unpaid?

The Witness: \$60.99.

The Court: All right. Do you have that bill with you?

The Witness: That is a bill for services rendered in [1069] January and I did not bring that bill along, although it is for entering the books.

The Court: Do you know how much you paid them?

The Witness: With the exception of the \$60.99 every bill was paid to them.

The Court: Do you know how much that amounted to?

The Witness: Offhand I don't remember. I think somewhere around \$1,300.

The Court: Well, you have seen this summary,

(Testimony of Philip Lipson.)

Exhibit BN which was made up by your accountant.

The Witness: Yes, I did.

The Court: I take it this Mr. Green is your accountant?

The Witness: Yes, sir.

The Court: It lists \$1,304.35 as the total bill?

The Witness: Yes, your Honor.

The Court: And that corresponds with the statement you just made of apparently a little over \$1,300?

The Witness: That is right, your Honor.

The Court: Now, Mr. Mockabee, did you employ him as your attorney?

The Witness: Yes, your Honor.

The Court: And what have you agreed to pay Mr. Mockabee?

The Witness: Mr. Mockabee told me the same thing, like every attorney—"How can I tell beforehand how much work there is in it?" He said, "The trial may last a week, it [1070] may last four weeks."

The Court: Has he sent you a bill yet?

Mr. Mockabee: No, sir.

The Witness: We have made an arrangement—

Mr. Leonard Lyon: I wish you would answer the judge's question.

The Court: Has he sent you a bill yet?

The Witness: He was supposed to send me a bill but I didn't get it.

(Testimony of Philip Lipson.)

The Court: Have you discussed with him some figure as to the reasonable value of his services up to the time of the conclusion of this trial?

The Witness: Yes, sir, your Honor. We discussed it yesterday—Saturday, if you please.

The Court: What figure did you arrive at?

The Witness: \$5,000.

The Court: And how much of that have you paid?

The Witness: Just a few hundred. I think six or seven hundred dollars.

Mr. Mockabee: I would say six or seven hundred dollars. It is in the neighborhood of \$700.

I might add, your Honor, I told the defendant that knowing his position I would also give him some help on an appeal because I rather feel that this case will be appealed regardless of which way it goes, and that is to be included in the \$5,000.

The Court: Well, going back to Mr. Graham. Mr. Graham worked on both the suit and the counterclaim, did he not?

The Witness: Yes, your Honor.

The Court: And Messrs. Fulwider & Mattingly took depositions, did they not?

The Witness: Only one deposition. Mr. Fulwider was present when that was taken. The others were taken by Mr. Graham.

The Court: They worked both on the suit and the counterclaim, did they not?

The Witness: No, your Honor. Mr. Fulwider

(Testimony of Philip Lipson.)

had told me that he expected Mr. Graham to take care of the counterclaim and he was in charge of the patent.

Mr. Leonard Lyon: Is Mr. Graham a patent attorney?

The Witness: From what he told me he is.

Mr. Leonard Lyon: Do you know?

The Court: Well, what is a patent attorney?

Mr. Mockabee: Mr. Graham has tried some patent suits.

The Court: That doesn't make any difference. I tried a patent case in the Federal Court and I never claimed to be a patent attorney.

Mr. Leonard Lyon: What I am getting at is whether Mr. Graham was hired to do anything on the patent case or was he hired to handle the anti-trust counterclaim?

The Witness: Originally he was hired to do both. As a [1072] matter of fact the counterclaim didn't come up until 1952. This claim was started in 1949 originally.

Mr. Leonard Lyon: Wasn't very much activity in the case until 1952, was there?

The Witness: Well, I wouldn't be able to tell that because there was some activity but how much is much and how much is little I wouldn't be able to tell you.

The Court: Is there anything further on that? If there is any legal right here so far as I am concerned, all of these things apply both to the complaint and the counterclaim. I don't think you can

(Testimony of Philip Lipson.)

say that you hired an attorney to handle one part of a matter.

Mr. Leonard Lyon: Conceivably there might be a different legal question as to whether the expense of prosecuting a counterclaim were not to be distinguished from the expenses of defending the patent action.

The counterclaim was filed by the defendant and certainly the law does not permit recovery as expenses in the form of damages the prosecuting of the very counterclaim that is sought to be the source of the damages.

Mr. Mockabee: I have a case that holds differently, your Honor.

The Court: Do you want to inquire further on these attorney fees?

Mr. Leonard Lyon: I would like to ask Mr. Lipson who [1073] prepared the counterclaim in this case.

The Witness: Mr. Graham and myself.

Mr. Leonard Lyon: Mr. Fulwider had nothing to do with it?

The Witness: No, the claim was prepared in New York City.

Mr. Leonard Lyon: And Mr. Kleinman had nothing to do with it?

The Witness: No, sir.

The Court: Unless I read the counterclaim incorrectly, the counterclaim is a two-fold proposition. It is both a shield to the patent suit and it is a sword for a recovery. Doesn't the counterclaim

(Testimony of Philip Lipson.)

work both ways. And insofar as the counterclaim is used as a shield against the patent then isn't it strictly a part of the patent suit?

Mr. Leonard Lyon: If it is the basis for a shield in the patent action, your Honor, I would go along with that logic but if it fails of that and has to be treated on its own merits as an antitrust counterclaim it is a different question.

The Court: Maybe you misunderstood me, Mr. Lyon. I said that I thought I would take the position in any event, if we ever reach the question of this problem, that any attorney who worked on this case probably worked, conceivably, both on the patent and the counterclaim end of it.

I don't see that it is going to be possible to say that [1074] one man worked only on the counterclaim and another man worked only on the patent.

Mr. Leonard Lyon: I might ask the question while we are here to clarify the record as to Mr. Mockabee. I understood that he was leaving the counterclaim to Mr. Graham.

Now, he came into the case after the pleadings were all framed, in the last month, and I would like to have a statement as to whether he worked on the counterclaim.

Mr. Mockabee: I worked on both, your Honor. You can't keep away from it.

The Court: He says he worked on both but if he said he worked only on the patent end of the case I can't see where that would give you any solace.

(Testimony of Philip Lipson.)

Mr. Leonard Lyon: It wouldn't help me any but I wanted to establish that he worked on the counterclaim.

The Court: He has admitted he worked on both. Are you going to take his word for that?

Mr. Leonard Lyon: I would like it to appear—the date appear when Mr. Mockabee came into this litigation.

The case was filed in 1949 and I think on the record we should show when he came into the case.

The Court: I think Mr. Mockabee came into the case—well, Mr. Mockabee, you can state that for yourself.

Mr. Mockabee: It was in the last few days of January, as I recall it. [1075]

The Court: 1955?

Mr. Mockabee: Yes, sir. And since that time I have put in up to—up to the time of trial, one month prior to the trial and during the trial, I put in a great deal more than one month's work.

I told Mr. Lipson that if I hadn't told him how much I would do this work for I would have revised my estimate and I wouldn't repeat it for him because of the time I have spent on this thing.

The Court: Are you willing to accept counsel's statement as to when he came into the case?

Mr. Leonard Lyon: Yes, I will.

The Court: And I think both will concede, having come in that late, he has worked day and night on the case.

Mr. Leonard Lyon: That is right. I am not

(Testimony of Philip Lipson.)

trying to minimize Mr. Mockabee's work in the case.

Mr. Mockabee: And I am trying to justify my fee.

Mr. Leonard Lyon: The item of Mr. Graham for \$9,617.34—have you agreed with Mr. Graham—have you a firm agreement with him to pay the unpaid balance of that item?

The Witness: I don't know—what do you call "a firm agreement?"

Mr. Leonard Lyon: An agreement you can't back out of.

The Witness: A written agreement?

Mr. Mockabee: I don't believe the witness has a written [1076] agreement with Mr. Graham.

The Court: You have no contract with him in writing?

The Witness: No, your Honor.

The Court: I think these exhibits tell the story. Mr. Graham has billed this witness.

Mr. Leonard Lyon: He may dispute the bills or may never pay them and charge this account for them in this case.

The Court: That is possible. Let us pause just a moment. These bills do not add up to this \$9,000 or \$10,000 figure shown on Exhibit BN for identification.

Mr. Graham in his first bill wrote, "For services to you since February of 1950, up to but not including the trial, \$7,500."

The second bill says "Services attending the trial

(Testimony of Philip Lipson.)

and conferring with the witness," so the two together make about \$8,000. They don't come up to the \$9,000 figure or the \$10,000 figure referred to in Exhibit BN.

Mr. Mockabee: Your Honor, I believe the auditor who prepared this schedule is here and he can explain that there were some expenses in addition to the fees for services—the charge for services that was incurred by Mr. Graham.

Mr. Leonard Lyon: If there were expenses paid to Mr. Graham we should have the invoices here.

The Witness: Your Honor, may I look at the exhibit. There is some figure there—the way Mr. Graham put it I [1077] find in the first bill that it is \$8,276 total. Now he had forgotten to put in a \$700 item which we paid him.

In the second bill it is \$888 which made a total of \$9,154.

He gives this figure here but then he adds his expenses so this is the total—the first bill and the second bill totals this amount \$9,157.

The Court: I see.

The Witness: On these expenses like this bill, for instance, the hotel bill and other hotel bills.

The Court: Referring to Exhibits BO and BP from Mr. Graham, do you concede you owe him these bills?

The Witness: Yes, your Honor.

Mr. Leonard Lyon: Do you consider you owe and are under obligation to pay Mr. Mockabee the \$5,000 that you have on this statement?

(Testimony of Philip Lipson.)

The Witness: Yes, sir, I do.

Mr. Leonard Lyon: I have no further questions about the item of attorney fees.

The Court: All right. Now, Mr. Lipson, did you make any trips to New York or elsewhere in connection with this lawsuit?

The Witness: Yes, your Honor.

The Court: How many did you make?

The Witness: Three trips, your Honor. [1078]

The Court: This Exhibit BN for identification lists a trip in November of 1950.

The Witness: Yes, I made that trip.

The Court: Who did you confer with on that trip?

The Witness: I conferred with Mr. Graham and I had made an appointment with Mr. McKee to meet him in Erie, Pennsylvania to show him the counterclaim and the amended answer and to try to effect a settlement in the case. Mr. Meech was present at the same meeting.

The Court: All right. What expenses did you incur on that trip for travel, meals and hotels and so forth?

The Witness: \$616.99.

The Court: 59 cents?

The Witness: Yes.

The Court: Did you make a second trip in March of 1953?

The Witness: Yes, your Honor.

The Court: Who did you confer with then?

The Witness: I conferred with Mr. Graham in

(Testimony of Philip Lipson.)

New York and I had a meeting with Mr. Meech in the office of a supplier who tried to bring about a reconciliation.

The Court: What were your expenses on that trip?

The Witness: \$625.80.

The Court: Did you make a third trip?

The Witness: Yes, your Honor. The third trip was in June, 1954. [1079]

The Court: Who did you confer with then?

The Witness: I conferred first with the officers of the Talon Company in Meadville, Pennsylvania and then preparations for proposals in New York City.

The Court: And what was your expense on that trip?

The Witness: \$832. May I state Mrs. Lipson accompanied me as an officer of the corporation in that case.

The Court: Now, on any of these three trips did you also conduct business for your corporation such as contacting accounts, selling zippers?

The Witness: No, we do not sell in the East. Our business is confined to the West Coast.

The Court: Well, did you have any business at all on any of these three trips other than business connected with this lawsuit?

The Witness: I may have called on a few suppliers, although we buy everything by mail.

Mr. Leonard Lyon: Mr. Lipson, on the occasion

(Testimony of Philip Lipson.)

of this trip in June of 1954 you went to Detroit and picked up a car, did you not?

The Witness: That was an excuse that I gave to the Talon Company when I wrote that I wasn't making a trip on purpose. Mr. Meech had asked one time—had asked Mr. Graham that if Mr. Lipson would be in the East he would like to confer with me. [1080]

Mr. Leonard Lyon: But in either case did the Talon Company ask you to make the trip for the purpose of conferring with them—they did not do that on any of these trips, is that right?

The Witness: In two cases, yes. The trip to Erie was made by appointment that I had made with Mr. McKee. [1081]

Q. (By Mr. Leonard Lyon): Who asked for the appointment? A. I did.

Q. In each case? A. Yes.

Q. You haven't answered my question about your trip of June, 1954. The Talon Company asked you not to make the appointment unless you were going to be in the East on other business, did they not?

A. They did not say that. They said that if I went East I should stop in Meadville and they would be glad to arrange a meeting between Mr. Walker, Mr. McKee, and myself, regarding this case.

Q. Didn't you advise Talon Company that you were coming East for other purposes and would just incidentally drop in on them? A. I did.

(Testimony of Philip Lipson.)

Q. And you did have other purposes in making the trip, did you not?

A. I did not go to buy a car for myself, because I didn't buy one.

Q. Did you go to Detroit?

A. Yes, I stopped in Detroit.

Q. What for?

A. I have relatives in Detroit. I have lived there 25 years, and I make a trip East maybe in two or three years, and [1082] naturally I stopped in for a day to see them.

Q. Did you render expense accounts to the Union Slide Fastener, Inc., the corporate defendant, for these amounts?

A. Yes, I did.

Q. Did they pay them to you?

A. Yes.

Q. Actually paid them?

A. That's right.

Q. Can you produce those expense accounts?

A. They are on the books.

Mr. Leonard Lyon: I will reserve the question whether the books should be produced until we see whether we need them or not.

The Court: Did you buy a car for anybody else besides yourself in Detroit?

The Witness: In order to save return plane fare, I brought a car for someone else, and I drove it out here in the heat wave that we had in July, and I saved two hundred some dollars plane fare.

Mr. Leonard Lyon: I have no further questions on the travel expense.

I would like to know some things about the next

series of items, the miscellaneous expenses. They are always a catch-all in an expense account.

The Court: I am not going to sit up here and take testimony [1083] about a bunch of telephone calls that were made, and stenographic expense, and a bill for research. If we are going to go into these things and you gentlemen can't agree on some stipulation, I will appoint a master and let him take care of this matter. I have too much to do to take accountings here. That is about what this amounts to. We would have to find out who these calls were to, and find out where each dollar or five dollar call was made.

Mr. Leonard Lyon: I don't expect your Honor to do that. We should certainly do that out of court. I would say, your Honor, under no theory if you were determining the allowing of attorney's fees would any of the following items be involved. We have the miscellaneous expenses. Passing those for the moment, we have time consumed by Mr. Lipson. Well, that isn't an expense of the corporation as far as this account shows, and he is not an attorney, so he wouldn't be involved in attorneys' fees.

The Court: I am going to take a recess now, and I am going to suggest on the miscellaneous expense items that you sit down and confer and see what kind of stipulation you can arrive at, at least as to what the witness would testify to. As to the time consumed by Lipson, I have serious doubts about that, even if we ever reach this issue.

But it seems to me we ought to be able to get a stipulation as to what he would testify as to the time he put on the various matters concerning [1084] this case. And I haven't any doubt, and I don't think that you do, that he has probably put a lot of time in on it.

Mr. Leonard Lyon: That is right.

The Court: As to Schedule II and II-A, I can't understand this at all. What I am going to ask you to do on that, Mr. Mockabee, is to make an offer of proof—think it over during the recess—of what you expect to prove by either Mr. Lipson or your accountant, and I will entertain an objection to the offer of proof and I will probably sustain it. Because I can't see how you can—maybe when you get through I might take some testimony, but I don't think I am going to take anything on that except an offer of proof.

We will take a short recess.

(Recess taken.)

Mr. Leonard Lyon: On the items listed under "Miscellaneous Expense," your Honor, Mr. Lipson has told me the following, and I will stipulate that he would so testify: The two hundred dollar item he paid to an investigator in New York who was looking for witnesses in this case. The \$500 item he paid Mr. William Wray, whose deposition has been taken in this case, and Mr. Wray testified that he was paid the \$500 for his work in connection with the deposition, if it was work. The re-

maining three items are not on the books of the company, but are estimates.

Mr. Mockabee: I might state, your Honor, the telephone [1085] calls, and accounting, particularly, which was not completed until yesterday, and has not yet been billed, are current, and some of them do not yet appear on the books of the company.

The Court: Would Lipson testify that the telephone calls and telegrams would amount to \$635?

Mr. Mockabee: Yes, sir, that is an estimated amount.

The Court: Is that what he would testify to?

Mr. Leonard Lyon: I don't know how he can testify that they would, except that it is his estimate. And of course I am suspicious of such an estimate.

The Court: And the accounting, I take it, is this accounting we are talking about here?

Mr. Mockabee: Partially, your Honor.

The Court: What else would it be?

Mr. Mockabee: As I understand it, there was some work done by the accountant prior to the preparation of the schedules in connection with the suit.

The Court: But it would be for the purpose of trying to present——

Mr. Mockabee: It would all be lumped together.

The Court: The accounting would be for the purpose of trying to present what damage, if any, Mr. Lipson had suffered?

Mr. Mockabee: That is correct.

Mr. Leonard Lyon: Specifically, it was at least in part [1086] his services in connection with preparing this exhibit.

The Court: Yes, I understand.

Obviously his accounting to pick out attorneys' fees paid and even miscellaneous expenses and travel expense wouldn't be \$200. Somebody could go through the books and pick out matters of that sort in a few minutes.

Mr. Mockabee: I think they spent more than a few minutes, and probably the accountant could testify as to the amount of time he spent.

The Court: What is the office and stenographic expense?

Mr. Mockabee: That Mr. Lipson could testify is time and expense involved in preparation of memoranda, histories of what occurred in the firm, and all related to the suit and its preparation.

The Court: And, Mr. Lyon, will you stipulate that if Mr. Lipson were called, that this is only an estimate, but it concerned those matters?

Mr. Leonard Lyon: That is correct. And no such figure appears actually on the books of the company.

The Court: All right.

Mr. Mockabee: With regard to the Wray expense of \$500, possibly Mr. Lyon misunderstood. I do not believe that Mr. Wray charged that for preparing for the deposition. He charged the company \$500 for expenses involved in attempting

to settle the case. He informed the defendant that he could [1087] settle the case.

Mr. Leonard Lyon: There was no request of the defendant, and the defendant didn't actually have any part—there was no request by the plaintiff for any meeting or any efforts of Mr. Wray, and plaintiff had nothing to do with him.

Mr. Mockabee: The plaintiff didn't hire Mr. Wray; the defendant did.

The Court: Will you stipulate, Mr. Lyon, that Mr. Lipson would testify that the \$500 was paid to Wray on Wray's assurance to him that he could or would attempt to settle the case, and that is what he paid him the money for?

Mr. Leonard Lyon: Yes, I will stipulate to that.

The Court: What stipulation do we have as to Lipson's time?

Mr. Leonard Lyon: I make no stipulation at all, your Honor, as to that, because it seems to me under no circumstances is it a proper item of damage, and of course it is not a proper item of attorneys' fees. And my statement equally applies to Schedule II and Schedule II-A.

The Court: Make your offer of proof on time, Mr. Mockabee.

Mr. Mockabee: Yes. I might point out that these things have been submitted and we think rightfully so, and call attention to a district court case in Oklahoma, the same type of suit, patent infringement suit and a counterclaim for anti-trust violation. That is the case of Kobe vs. Demp-

(Testimony of Philip Lipson.)

sey, 97 Fed. [1088] Supp. 342, decided in 1951. It was affirmed at 198 Fed. (2d) 416, and certiorari was denied at 334 U.S. 837, 73 Supreme Court 46.

In that case the district court held that the filing of the infringement suit by the plaintiff caused the loss of sales, and that defendant could recover his average profits, that he could reasonably have been expected to sell more pumps, which were the product of his company; that the defendant was required to incur expenses for resisting the action and continuing in business, and these expenses would not have occurred except for the plaintiff's acts.

And that is one of the reasons why these things have been submitted, your Honor.

Mr. Lipson, will you take the stand, please?

Direct Examination

Q. (By Mr. Mockabee): I refer you to the schedule 1-D, entitled "Time consumed by Philip Lipson on Talon suit." And therein you list three trips to New York, including Erie, Pennsylvania and Meadville, Pennsylvania and conferences with counsel and time spent in court and on conferences during trial with a total of 750 working hours. Did you spend that much time on those trips and conferences?

Mr. Leonard Lyon: I will object to that as leading, your Honor.

Mr. Mockabee: We have the schedule here in front of us, your Honor. I am simply trying to shorten it a little bit.

(Testimony of Philip Lipson.)

Mr. Leonard Lyon: A man can't remember from 1950 on to 1955 as to how many hours he spent on particular matters.

Q. (By Mr. Mockabee): Did you keep track of the time that you spent on the items listed in Schedule 1-D?

The Court: Wait just a minute. Let me have the pending question. We have a question pending and there is an objection. The objection is overruled.

As far as the 1950 matter is concerned, it involves a trip. Any one of us could go back and consider a trip that we took and figure out how many hours we spent on it. That would be no problem. A day book would show you when you left and when you got back. That would be a simple matter to figure. [1090]

With reference to the last three items, conferences with counsel prior to February, 1955, would go all the way back.

The objection is overruled. Did you spend 750 hours? Or is that an estimate?

The Witness: It is an estimate, your Honor.

The Court: Did you keep any record of that time?

The Witness: Roughly. Not accurate records over five and a half years. That would have been keeping a calendar. I have some notations and others I may have missed, but to the best of my knowledge I spent at least that many hours if not more.

(Testimony of Philip Lipson.)

Mr. Leonard Lyon: Has this \$7,500 ever been paid to you by the corporation?

The Witness: No.

Mr. Leonard Lyon: Do any entries in the books of the corporation show the corporation indebted to you in that amount?

The Witness: The corporation pays me a salary and I used this time.

Mr. Leonard Lyon: How much of a salary?

The Witness: At the present time I don't draw any salary at all although I work for the corporation.

Mr. Leonard Lyon: How much were you drawing in 1950? What was your salary then?

The Witness: I believe it was \$100 a week.

Mr. Leonard Lyon: How much?

The Witness: \$100 a week.

Mr. Leonard Lyon: What was your salary in 1953?

The Witness: \$150 a week.

Mr. Leonard Lyon: How many hours in a week in working as far as those rates were concerned?

The Witness: I was supposed to have worked the same as anybody else—40 hours, but I worked 75 to 85 hours a week because the corporation didn't have any funds.

Mr. Leonard Lyon: What was your salary rate in 1954?

The Witness: \$150 a week.

Mr. Leonard Lyon: What was your salary in 1955—what is it now?

(Testimony of Philip Lipson.)

The Witness: Up to February 1st it was \$150 a week. From February 1st I haven't drawn any salary.

Q. (By Mr. Mockabee): Mr. Lipson, do you consider this time as time taken from company business because of the suit? A. Yes, I do.

Q. When you took this time from company business was anything done to replace you?

A. Yes. I had to have some of my men, key men come in on Saturdays and I paid them overtime to be able to consult with them because during the week I was tied up with matters of this suit.

Q. Well then, do you arrive at this basis because of [1092] the value of your time plus the replacement cost?

A. I am actually doing a three-man job in this corporation because the corporation is short of funds as a result of this case.

Q. Do you thing that \$10 an hour reflects the actual worth of your time and duties with the company?

Mr. Leonard Lyon: I object to that, your Honor, on the ground it is incompetent, irrelevant and immaterial, what he thinks reflects what.

The Court: I think a witness's statement as to what his time is worth has some probative value, on the same theory that an owner may testify as to the value of his land.

Now, whether the question is proper or not I don't know. I will sustain the objection to the ques-

(Testimony of Philip Lipson.)

tion. But I will permit him to ask the witness what his time was worth.

Mr. Leonard Lyon: I object to that as irrelevant. The question is what did the corporation suffer as damages and the witness has already testified as to how much they were paying him.

The Court: What were they paying you figured on a hourly basis?

The Witness: Your Honor, I drew from the corporation and I sometimes put back into the corporation as much money as I drew out because the corporation was short of funds.

The fact that I drew \$100 a week was not because I wasn't [1093] worth any more.

The Court: You drew \$150 a week in 1950 for a 40-hour week?

The Witness: Yes, your Honor.

The Court: So your services there were paid to you at the rate of about \$2.50 per hour, is that right?

The Witness: Yes, your Honor.

The Court: And in 1953 it was \$150 a week?

The Witness: Yes, your Honor.

The Court: And what does that figure out?

The Witness: That figures out roughly about \$3.75 an hour.

Q. (By Mr. Mockabee): Mr. Lipson, could you hire someone to do the work you did for the corporation for \$3.75 an hour? A. No.

Mr. Leonard Lyon: I object to that on the ground it is speculative and immaterial what he could have

(Testimony of Philip Lipson.)

done. The question is actually what happened here, if I understand this inquiry.

The Court: Sustained.

Q. (By Mr. Mockabee): Was it necessary for you to pay out money in overtime because of your inability to spend regular working hours in the company business?

Mr. Leonard Lyon: I object to that as immaterial because [1094] there is no showing in this statement of what amounts were actually paid to anybody for overtime.

The Court: Overruled. Was it necessary to pay out overtime?

The Witness: Yes, it was.

The Court: And did you pay overtime?

The Witness: Yes, sir.

The Court: How much did you pay out? Or would that be only a guess?

The Witness: That would have to be a guess unless I could consult my books. I couldn't state exactly. Some weeks it was as high as \$150 and some weeks it was \$75.

At times I had to have three men working on Saturday with me and you have to pay them time and a half for their time. Also the fact that we have a toolmaker who is working in the shop and who gets \$2.75 an hour. The company does not charge for his time \$2.75 an hour but we charge \$6.00 an hour, so the amount that we pay the toolmaker in wages does not reflect always the amount of his value to the business.

(Testimony of Philip Lipson.)

Q. (By Mr. Mockabee): What was the reason for the overtime by the employees of the company?

A. When I was tied up during the week with conferences I had no time to take care of the duties in the shop and I had to consult my key men on Saturday in planning what to do in the manner of certain improvements on the machinery, and [1095] in the manner of putting new gadgets or new fixtures through.

In the manner of consulting, as far as sales programs were concerned. I was the general manager and the engineer and the auditor and the sales-manager and everything.

Mr. Leonard Lyon: I would like to ask a few questions about this time that is scheduled here under Schedule 1-D, your Honor.

70 working hours on the trip in November 5th, 1950. Is that the time that was actually devoted to the conferences in regard to this case or does that include traveling time and all the time you were away?

The Witness: It includes traveling time and it includes conferences.

Mr. Leonard Lyon: How much time did the actual conferences consume?

The Witness: (No answer.)

Mr. Leonard Lyon: How many were there on the occasion of that trip?

The Witness: On that trip there it was, I would say, that there were conferences lasting all day, several days in succession.

(Testimony of Philip Lipson.)

Mr. Leonard Lyon: How many days?

The Witness: There was the preparation of the counterclaim.

Mr. Leonard Lyon: How many days did it take?

The Witness: I believe it was six days the first week I was there. We worked on Saturday too.

Mr. Leonard Lyon: Well, how much would you estimate the hours of a day were put in—seven hours?

The Witness: No, I sometimes worked until 1:00 o'clock midnight.

Mr. Leonard Lyon: I am not asking you what you sometimes did but I am asking you about this particular visit.

The Witness: I couldn't give you the exact number of hours for every single day because I didn't clock in and clock out. I merely worked some days until midnight preparing material for the attorneys to put in the counterclaim. [1097]

Mr. Leonard Lyon: Now, you have conferences with counsel prior to February 1955, 150 hours. Who were you working with?

The Witness: Mr. Mockabee.

Mr. Leonard Lyon: Mr. Mockabee?

The Witness: Yes.

Mr. Leonard Lyon: How many visits did you have with him?

The Witness: I haven't counted the visits, but—

Mr. Leonard Lyon: Where did you get the figure 150 hours?

The Witness: All right. I want to bring this out.

(Testimony of Philip Lipson.)

Here is a 22-page manuscript which I wrote in the form of a letter. We got new counsel who was not acquainted with the history of this case——

Mr. Mockabee: It says prior to February 1955.

Mr. Leonard Lyon: This is prior. This is not anything you did after Mr. Mockabee came in.

You don't have any record of these conferences showing the hours devoted to them and the dates they occurred, and how much and who was present, do you?

The Witness: Well, these conferences——

Mr. Leonard Lyon: Can you answer the question?

Read the question to the witness.

(The question referred to was read by the reporter, as follows: "This is prior. This is not anything you did after Mr. Mockabee came in. You don't have any record of these conferences [1098] showing the hours devoted to them and the dates they occurred, and how much and who was present, do you?")

The Witness: It is rather a long question. I can't understand it. Would you split it up in a few questions?

Mr. Leonard Lyon: You have on Schedule I-D Conferences with Counsel prior to February 1955, 150 working hours.

The Witness: That is correct.

Mr. Leonard Lyon: Have you any record showing the dates of those conferences, who was present, and how much time was devoted to the conferences?

(Testimony of Philip Lipson.)

The Witness: No, I haven't got. These can be gotten from Mr. Graham, Mr. Fulwider, Mr. Kleinman. These are conferences from 1949 to——

Mr. Leonard Lyon: I have nothing further, in view of the answers of the witness, your Honor, on these conferences.

Q. (By Mr. Mockabee): Mr. Lipson, for what reason did you hire counsel in New York City?

A. I inquired about counsel in Los Angeles, and I was told that I cannot get counsel that is acquainted with the zipper art; that it had a long history; that I could get counsel in New York who are acquainted with the zipper art, and who had this information that I needed at their fingertips.

Q. And that was the reason——

A. That was the reason I hired counsel in New York.

Mr. Mockabee: Regarding Schedule II, your Honor, I think [1099] the accountant could better testify to that.

The Court: I am not going to take testimony. I told you, you could make an offer of proof.

Are you through with Mr. Lipson? He will not be involved in II or II-A, will he?

Mr. Mockabee: That first part of II-A refers to salaries actually paid to him and the items salary that should have been paid.

The Court: You make an offer of proof to prove by Mr. Lipson, who is now on the witness stand and has been sworn, that if he were interrogated concerning the matters set forth on Schedule II-A,

(Testimony of Philip Lipson.)

that he would testify that his salary from the defendant Union Slide Fastener, Inc., for the fiscal year ending February 28, 1950, was \$5,200?

Mr. Mockabee: Yes.

The Court: And for each fiscal year ending February 28, '51, '52, '53, '54, and '55, the salary paid by the corporation was \$7,800, making a total salary paid of \$44,200?

Mr. Mockabee: Yes, sir.

The Court: And you offer to prove that if you asked him what his salary should have been in his opinion based upon the amount of work that he did for the corporation, and taking into account his experience and background, he would have testified that for the fiscal year ending February 28, 1950, he should have been paid a salary of \$10,400?

Mr. Mockabee: Yes. [1100]

The Court: For the fiscal year ending February 28, 1951, he should have been paid a salary of \$13,000, and each fiscal year ending February 28, '52, '53, and '54, he should have been paid a salary of \$15,000?

Mr. Mockabee: Yes, sir.

The Court: Is that what you offer to prove?

Mr. Mockabee: Yes, sir.

Mr. Leonard Lyon: I object to the offer of proof, your Honor, on the ground that it is irrelevant, incompetent and immaterial, and testimony of the witness would not prove what the offer states.

The Court: The first part of your objection will be sustained. The objection will be sustained upon

(Testimony of Philip Lipson.)

your first ground. Upon the further ground that this corporation fixed and paid these salaries. What they might have fixed and what they might have paid, and what the employee was worth, are different matters entirely.

Mr. Mockabee: I think he is basing that on the fact that he was running the corporation and he knew the financial condition of the corporation, and he took those salaries at a lesser figure than he would go out and work for somebody else, do that amount of work. He wouldn't work at those duties other than for himself.

The Court: That can be part of the offer of proof, much [1101] in the way you stated it. But the same objection, I take it——

Mr. Leonard Lyon: Same objection.

The Court: Same ruling.

Would the witness also be interrogated as to his wife Edith Lipson?

Mr. Mockabee: I beg your pardon?

The Court: Would the witness also be interrogated with regard to——

Mr. Mockabee: Edith Lipson?

The Court: Yes, his wife.

Mr. Mockabee: Yes.

The Court: And the witness, if interrogated, would testify that she worked for the corporation full time—is that right, Mr. Lipson?

The Witness: Yes. My wife is here, by the way.

Mr. Mockabee: It is not full time, your Honor.

The Court: All right. On a part-time basis, in

(Testimony of Philip Lipson.)

each of the fiscal years ended February 28, 1950, '51, '52, '53, '54 and '55, and that she received no salary, and that based upon Mr. Lipson's knowledge of her services, his experience in the zipper industry, his position as president of the corporation, his entire background, that in his opinion her salary should have been and she was reasonably worth the sum of \$2600 per year for those part-time services?

Mr. Mockabee: Yes, for administrative work.

Mr. Leonard Lyon: The same objection to the offer.

The Court: The same ruling. The objection is sustained.

Would you also call Mrs. Lipson?

Mr. Mockabee: Yes, and she would so testify.

The Court: If she were sworn and called as a witness, she would testify as to what services she rendered for Union Slide in the six fiscal years involved herein that we just talked about; she would describe her part-time services, and she would testify that she received no money for those services, and she would testify that in her opinion her services were worth the sum of \$2600 per year?

Mr. Mockabee: Yes, sir.

Mr. Leonard Lyon: Same objection.

The Court: Sustained.

Mr. Mockabee: Regarding Schedule II, your Honor, Mr. Lester Greene of the firm of Greer and Greene, certified public accountants, would, if called to the stand, testify that the items in Sched-

(Testimony of Philip Lipson.)

ule II regarding estimated net profits that should have been earned is based upon a figure of 10 per cent of the invested and borrowed long-term capital and is a fair return on such investment. And he would also testify that from an inspection of the books of Union Slide Fastener, Inc., the profits and losses shown in Schedule II for the fiscal years ending February 28, 1950, through February 28, 1955, the last year being estimated because the books are not yet [1103] closed, are a true reflection of the profits and/or losses during that period.

The Court: Is that what his testimony would be?

Mr. Mockabee: He would further testify with regard to items on the books, which appear on the books, with regard to the other schedules, your Honor.

The Court: Is that your offer of proof?

Mr. Mockabee: Yes, sir.

Mr. Leonard Lyon: I object to the offer as incompetent, irrelevant and immaterial.

The Court: Of course, the general objection is good and it will be sustained. In addition, there is no causal connection shown, nor can any be shown, between what the loss is on the books for each fiscal year and any activities of the plaintiff in this action. Nor is the estimated earnings any more than a mere estimate based upon 10 per cent of invested capital, which doesn't take into account competition, the competitive conditions in the industry. This is a very competitive industry. We have heard testimony on that already. It doesn't include new

(Testimony of Philip Lipson.)

devices coming out, new companies coming into the field, and such things as the introduction of the Wilzip zipper, or some other zipper that might come in by some other company.

Mr. Mockabee: Of course we maintain, your Honor, that the introduction of the Wilzip zipper was not normal competition, but was the consummation of a threat to do what plaintiff had [1104] done back East, and that is wrecked small companies through the introduction of a cut-price zipper, if defendants and others on the West Coast did not maintain prices.

The Court: All right. The objection to the offer of proof is sustained. You may step down, Mr. Witness.

Mr. Mockabee: Your Honor, yesterday Mr. Lyon said something about not accepting any of these figures, unless there was an independent audit obtained. Now, if he desires that, defendant is perfectly willing to have such an audit conducted.

Mr. Leonard Lyon: I think the burden is on the defendant, and I think the record has been made, your Honor.

Mr. Mockabee: We have submitted an audit, your Honor.

Mr. Leonard Lyon: Maybe counsel refers to the exhibit for identification as an audit, and I submit it is not an audit.

Mr. Mockabee: It is the results of an audit, I would say.

The Clerk: Counsel, what did you want me to do with the original?

Mr. Mockabee: Let's substitute that for the copy the court has. It is the ribbon copy and is more readable.

Mr. Leonard Lyon: The testimony has shown that this document is a long ways from an audit. It has estimates and calculations.

The Court: That is true.

Did we have the name of the accountant in full whose offer of proof you made? [1105]

Mr. Mockabee: Lester Greene.

The Court: Do you rest, Mr. Mockabee?

Mr. Mockabee: Yes.

Mr. Leonard Lyon: Plaintiff rests.

The Court: I will substitute the original for the copy. It is BN, for identification.

Did you get a chance to look at BM yet, Mr. Lyon?

Mr. Leonard Lyon: I have not.

I think I can handle this later, your Honor. If I have any objections, I can point them out later, if that is satisfactory. This is a long document to peruse while the court is waiting.

The Court: Do both sides close their evidence?

Mr. Leonard Lyon: Plaintiff rests.

Mr. Mockabee: May I have an opportunity to present some law on the question of some of these matters in these schedules which have been objected to and the objection sustained?

The Court: No, I am not going to permit you to

do that. I have taken some proof on attorneys' fees and expenses, and time. These other matters are pure speculation. It is highly speculative. From the facts of this case I can't see how loss would be sustained by defendant by virtue of quota agreements entered with other manufacturers.

This man never was subject to a quota agreement.

Mr. Mockabee: No, sir, he was not, your Honor.

The Court: If other manufacturers were subject to quota agreements, then the field was wide open for this man to expand as much as he wanted to.

Mr. Mockabee: The pattern was that eight suits, I believe, were filed against various defendants by plaintiff, and the plaintiff forced settlements, resulting in quota agreements, then he followed with a suit against defendant. Defendant did not submit to the same type of settlement, that is, a quota agreement. He decided he would fight it, and I think it is the direct result of the general plan of action of plaintiff to control the industry. [1107]

The Court: Where is there any causal connection, proximate causal connection between these alleged loss of earnings of the defendant and any acts of the plaintiff?

Mr. Mockabee: The filing of the suit and the requirement that the defendant withdraw a very considerable percentage of his working capital for the defense of this suit.

The Court: Well, you haven't made such showing, counsel.

I shall not burden you with meeting any law on that subject.

Now, have you rested your evidence?

Mr. Mockabee: Yes.

The Court: And has the plaintiff rested their evidence?

Mr. Leonard Lyon: Yes, we rest, your Honor.

The Court: Do you want to discuss this case at all this afternoon or do you want to go home and write briefs on it?

Mr. Leonard Lyon: If your Honor would care to indicate any particular points that you wish counsel to discuss, if Mr. Mockabee would be ready, we might make some progress on them this afternoon.

If he doesn't feel that he desires to go ahead, why, I don't want to press him.

I have several different phases of the case that I am ready to discuss and have some authorities here but if Mr. Mockabee is not prepared, why, I don't want to just hear myself talk. [1108]

Mr. Mockabee: Well, I have some of it prepared, your Honor, but I have been going night and morning, before and after trial during this trial, trying to keep up with the trial itself and I really haven't had an opportunity——

The Court: Well, I think we will recess until 2:00 o'clock and at that time I will give you some of my ideas about this case.

I may make some factual findings. I am not sure that I will, but in any event if I do they are all subject to attack in your memorandums. I will let

you file briefs, but I have in mind such things as this.

I am going to make a finding that this talk about Havekost inventing this machine is out the window. And I think you might argue that if you want to in your briefs.

But you have a pretty hard burden to convince me, in view of the cross examination in that deposition, that he was the inventor.

By the same token I am inclined to think that the machine, Exhibit 5, that we saw in Judge Hall's courtroom is not the machine shown in the Silberman patent.

I will enlarge upon that when I talk about it again.

Now, that doesn't mean that there may not be Silberman patented machines. There is testimony here that Mr. Burkitt saw a machine operate.

I am giving you my tentative views on various of these issues. [1109]

I am inclined to think, for instance, that the contract arrangements that Talon had don't bear the full scrutiny of inspection but whether or not they go far enough to prevent the use of a patent is another thing.

I will mark out some of the issues I want you to discuss and I will expect you to give me some help in your briefs.

Mr. Mockabee: Yes.

Mr. Leonard Lyon: Thank you.

The Clerk: Is it all right if Mr. Leonard Lyon takes Exhibit BN over the noon hour?

The Court: He may take it with him and we will reserve action on putting Exhibit BN into evidence upon convening at 2:00 o'clock.

(Whereupon at 12:00 o'clock noon a recess was had until 2:00 o'clock p.m. of the same day.) [1110]

March 15, 1955, 3:00 O'Clock P.M.

The Court: Before we close the case, I take it that you both looked over the request for interrogatories and the answers thereto of the various parties, and no one wants to offer any more interrogatories in evidence or as part of the record?

Mr. Leonard Lyon: I have no further interrogatories.

Mr. Mockabee: We have both sets of ours in.

The Court: You don't have any of yours.

Mr. Mockabee: I thought Mr. Graham put them in.

The Court: Wait a minute.

Much of the material from yours, the exhibits and so forth, were put in out of the first set, and I think there was one document out of the second set, and there were certain interrogatories and answers specified by number. I think Mr. Graham did that.

Mr. Leonard Lyon: Can we have an understanding, if on briefing either side finds that they desire any further answers, that they can move to add them to the record?

The Court: That is satisfactory.

Will that take care of that?

Mr. Mockabee: Yes, I think it will.

Mr. Leonard Lyon: I have defendant's Exhibit BM which was offered this morning. I have no objection to it.

The Court: It will be received in evidence.

(The document referred to was received in evidence and marked as Defendant's Exhibit BM.)

The Court: I want to sum up what I think tentatively about this case. And so there will be no misunderstanding, in certain instances I am going to make certain findings of fact as of this time, and if counsel wants to contest them they may do so in their briefs, but the ones that I am making I don't think you can seriously contest. In other words, I am not trying to decide anything now except those things that seem to me to be fairly open and shut.

First I want to take up another matter. On this amendment, Mr. Mockabee, which you made, I asked you if it was to the prayer, and you said it was. Now, actually it is numbered as being the last section of your counterclaim and not your prayer, and I take it your intent, from the number—it is numbered 12(e), and the amended answer and counterclaim stops at 12—where the (e) comes from I don't know, but it doesn't fit in at all with the numbering of the prayer.

Mr. Mockabee: The (e) should be left off. It would be on the prayer. The "12" should be left off. It would be section (e) of the prayer.

The Court: Wait a minute. If you put it in, it ought to be in the body of your counterclaim and

it ought to be in your prayer, too, unless you mean it to be a part of paragraph 12 of your counterclaim, where you ask for \$250,000. And I take it [1112] paragraph (a) is a general prayer, then, to treble the damage alleged. It would seem it would belong in as—what did you mean, 12(a)? I am just in doubt.

Mr. Mockabee: I see it is confusing.

It would have to be included in the prayer, also. It could be 12(a), an additional paragraph on 12, as well as a separate and specific prayer.

I don't know whether (b) would cover it, "the full cost of this suit, including reasonable attorneys' fees." That is not limited specifically to attorneys' fees.

The Court: Well, so there won't be any question about it, let's re-number it 13, have the clerk re-number it by interlineation, and call it 13 as the last paragraph of the counterclaim, and stipulate that it also be considered part of the prayer.

Mr. Mockabee: Yes, sir.

Mr. Leonard Lyon: That is agreeable.

The Court: And then stipulate that that allegation, if such it is, in the counterclaim, be denied?

Mr. Leonard Lyon: Yes, your Honor.

The Court: Is that satisfactory?

Mr. Mockabee: Yes.

The Court: All right.

The Clerk: I will change the original, your Honor.

The Court: Now, as to the pleadings, the complaint alleges [1113] a cause of action for infringe-

ment of six different patents, but the pretrial stipulation limited the action to the two patents in suit, Poux '017 and Silberman '793, and the pretrial stipulation also specified the claims in suit.

The amended answer alleges various defenses, including non-infringement and lack of invention, and the patent issues I will comment on later.

Paragraph (i) of the counterclaim is the paragraph which I referred to as the shield, that is, it is an allegation that plaintiff sought to intimidate, harass and discourage competitors, to block and impede the development by others of the manufacture of slide fasteners and the parts of machines and methods, and has imposed upon competitors licenses and agreements, and so forth.

That I will comment on later in more detail.

Strike that out. I will comment on that at this time.

Apparently I flagged all the agreements except the one I am looking for. Possibly counsel can give me the exhibit number of that old contract that went back to about '35, between plaintiff and——

Mr. Charles Lyon: AH is one of them. It is June 1, 1934, between Talon and American Fastener.

The Court: You say it is Exhibit AH?

Mr. Charles Lyon: AH.

The Court: Well, that early one which I have admitted [1114] solely for the purpose of bearing on the question of the intent of Talon during the dates it was in force, as I recall, was a contract which had definite price fixing provisions in it. As

the law stands today, I would consider that contract illegal.

Thereafter, Talon apparently abandoned price fixing provisions in its contracts and went to what might be called "quota provisions." The contracts as I read them had two features that interested me. One was that a quota, which was generally fixed with reference to Talon's production and the production of the other contracting party, so that if the other contracting party had at the time about 25 per cent of Talon's production, the quota was so fixed that royalties began if it exceeded the 25 per cent of the business, plus generally some allowance for growth both by Talon and the competitor. Another feature of the contracts was the fact that in certain instances there was a license to an individual, a company, a competitor of Talon, of the right to use patents in connection with a limited number of machines, the number of machines being specified.

Now, first, as to the quota arrangement. If Talon's purpose was to secure a royalty, you would think that the royalty would start to run immediately upon the cross licensing. But the royalty did not begin to run until such time as the competitor exceeded the quota. And, as I say, the quota was fixed as having generally some relationship between the production [1115] of the competitor and Talon's production.

It seems to me that the agreements are susceptible to the interpretation that Talon was definitely trying to keep competitors down to size, and that

it wasn't Talon's purpose to collect royalties, but to see that competitors did not become any bigger competitors than they were at the time the licensing agreement took place. And those facts, coupled with the fact that very often these agreements resulted following the bringing of a patent action against the competitor by Talon, the settlement of the action and the cross-licensing, would lead me to draw the inference that there probably had been a misuse of the patents on the part of Talon.

Now, that is a tentative conclusion, one which I can be swayed from. There are probably other items that can be picked up out of the agreements that I haven't referred to. And there is, of course, the argument on the other side as to why the agreements were made, and that it was out of Talon's generosity that these competitors were given a license free agreement for the amount of the quota.

However, that would be a tentative view on that proposition.

Paragraph (j) of the counterclaim is the allegation generally that Silberman visited Los Angeles, admitted that his patent would not hold water in court; that he agreed with the defendants, for a valid consideration, to refrain from asserting any [1116] rights under his patent, that they performed, and by reason of the foregoing facts plaintiff is estopped.

I don't think it adds a lot to the case, but I am inclined to believe that Silberman said the things that he is accused of saying. I am inclined to find, generally, Mr. Lipson's testimony trustworthy. He

has not been an extravagant witness. He has made admissions readily when they should be made, and it is my impression that he has generally tried to stick as close to the facts of this case as his memory and passage of time would permit. However, even from his testimony it is obvious that no agreement was entered into between Silberman and Union Slide, Lipson or Loew. There was no acceptance of this agreement. There was an offer made by Silberman. There was no acceptance made. So the agreement never came into force, and I would be inclined to find that there is no estoppel, that there was no real reliance on what Silberman had to say.

That is why I say that my first finding, proposed finding, as to Silberman's admission is probably not too important.

We come down to (k) of the counterclaim, which alleges that McKee, an officer of the plaintiff, came to California and told the defendant that the machines they were using did not infringe, and believing such statements defendant expended a large sum of money in the production of machines and methods, and therefore plaintiff is estopped. [1117]

Now, I am inclined to believe Mr. Lipson that McKee said the things that he is reputed to have said. But I find no estoppel, find no reliance upon McKee's statement constituting any change of position. And this, again, goes back to what I consider the honesty of Mr. Lipson, and that is in response to the court's question he admitted that those expenditures that were made would have been made anyhow whether McKee made that statement or not.

Therefore, I find—all these are tentative. When I say “I find,” counsel will understand me, I am giving you my present slant on the matter. I am inclined to find that there is no estoppel.

I understand the law to be that in a patent infringement case even though the defense of unclean hands is not pleaded, it is available.

If you have any question on that, you can look the authorities up and see whether or not you agree. And if that is true—and I am mentioning this because I have come to the end of the defenses set forth in the answer, and I am about ready to proceed on the counterclaim—if that is true, then in addition to paragraph (i) of the answer on the misuse of patents, I am inclined to think there would be available the equitable defense of lack of equity on the part of plaintiff.

That hinges on whether I am right in my statement of the law that in a patent infringement suit, which is an equitable [1118] proceeding, the defense of unclean hands is available even though not pleaded.

It would be an additional matter for you to consider in connection with (i) of the answer.

Now we come to the counterclaim, and the counterclaim proceeds along as most of these counterclaims do and alleges that the plaintiffs had acquired 75 per cent of the market.

Of course, that is not borne out by the proof. Probably the best that the evidence shows as to plaintiff's acquisition of the market, is somewhere between 20 and 30 per cent at different times. And

the counterclaim refers to written agreements, contains the language concerning misuse of patents that was contained in the answer. It tells how the defendant was a relatively small manufacturer, and plaintiff never validated its patents but brought suits, and so forth, and that it is unreasonably using and asserting its claims under the letters patent against this defendant, who does not infringe them, and so forth.

Then in paragraph 11 it says that these things set forth above are forbidden by Sections 1 and 2 of the Sherman Act, and the said acts have injured defendant in its business by preventing and restricting the sale by defendant of its products, in the sum of \$250,000.

I have just written a decision, while sitting on the Circuit, in *Karseal vs. Richfield*—it is not yet out in [1119] print, but will be in the next few days—where I consider the question as to whether this damage may be alleged generally, and I conclude that the laws says it can. However, the proof must show, if you allege this damage generally, the proof must show causation, must show how plaintiff has been injured by acts.

So even if I found there had been a violation of the Sherman Act, the defendant's case fails entirely on its counterclaim by failing to show any causation between its alleged damage in the sum of \$250,000 and the alleged illegal acts of the plaintiff.

I was looking around for a case to cite for you. I cite one of my own, not because I think it is a

good case, but because I did some work on it and it has the law and the places where you can find the other cases in it. It is *Myers vs. Shell Oil Company*, 96 Fed. Supp. 670. It is pointed out there where the government charges a violation it is not required to show any other damage than the public interest, but a plaintiff, "must show a causal connection between the violations charged and any injury claimed."

Further on the same page, when there is taken up the question of the Robinson-Patman Act and the Clayton Act, there is a statement, which I don't know whether it is correct or not, now that I read this over, but the statement, anyhow, is to the effect that, "On the other hand, the private litigant" under [1120] these Acts, "need not show that the public interest has been adversely affected by the defendants' acts. He need only allege facts from which it can be determined that he has suffered damage by virtue of acts and conduct * * *"

In any event, the law is clear that plaintiff must allege and establish this proximate causation showing his injury, and this is the hurdle on which most plaintiffs in this type of action stumble. They may make a showing of public interest required, but when they get down to the proximate causation of their injury, they often stumble, and that is where the defendant has not sustained its burden of proof on its counterclaim.

Paragraph 12 is a paragraph bringing in the Clayton Act alleging damages, and the citation that I just gave indicates that in both actions, private

actions under the Sherman Act, or under the Robinson-Patman Act or the Clayton Act, a plaintiff must show how he has been proximately injured by the alleged illegal acts. Here the defendant on his counterclaim must so show, and he has not so shown.

I think that this point is so clear that the case does not require any decision on the statute of limitations that has been interposed. And that would be a further problem of considerable interest, because of the uncertainty as to the law. If the defendant wants to pursue this counterclaim theory further, and so indicate to the plaintiff, then I will want the statute of limitations briefed. I haven't even considered that [1121] matter, because the other seems so clear to me.

Going, then, to the questions on the patents themselves.

Incidentally, there is not very much order or reason to these observations.

In a patent case, you have the issues of utility, novelty, or invention, and infringement.

There is no doubt but what all the devices we have been concerned with have utility. We have problems, however, on the question of novelty and invention.

I am inclined to find, and this is one on which there can't be very much dispute, that Havekost did not invent, if anyone invented, the Silberman patent '793.

The machine that Havekost talks about is one that used preformed strips, and therefore if there

was such a machine, it was something that considered the older type of way of making zippers.

We come now to the Poux patent, and I am at a complete loss to know what is the extent of the patent that talks about a method of making zippers, making fasteners, when it shows as an explanation of its method a machine.

If there is law on that subject to clear my thinking, I would like to see it.

Poux talks about a method of making separable fasteners. In the description of his method, the diagram shows a machine.

His language in his claims really talks of a machine. You [1122] can pick out lots of parts of them:

Feeding the rod;

Closing the jaws;

Severing the members from the rod.

Anyhow, I am in a complete state of confusion on what a method patent is in this particular case, aside from the machine that he demonstrates.

The machine shown would not work. I think that is very clear. The indentation, projection, below the rod would keep the rod from moving forward in proper fashion. The cutting device 23 would not work horizontally in an efficient fashion, certainly with the anvil of the type shown opposite.

It is true there could have been modifications to build a different type of anvil, an anvil that would proceed far enough up to even hold one end of the forward element. But it is not shown in the patent.

This cutter 23 and the anvil 25 is constituted to

bring about a shearing result, and not constituted to hold the end pieces 26 while the legs are being fastened to the strip.

The spreader 27 would create a problem, if you would move the cutter 23 into a vertical position.

I am talking now about the machine. Query, whether persons of ordinary mechanical skill, having seen the Poux method and seen the Poux machine, would not have been able to have devised a workable machine. [1123]

Some of the problems that I have mentioned about Poux, a skilled mechanic, I think, could easily have obviated. Take the indentation appearing on the bottom of the rod, by the change of dies, the male and female dies, you would get the indentation on the top of the rod where it would be free from the trouble shown. Since dies were already placed in the die block it wouldn't take a lot of imagination to move a cutting element into a vertical position. You would not get the rounding of the corners as shown by the Poux machine and method. Probably by spacing your cutter and enlarging your key-hole, you could eliminate the spreader, so if your key-hole was larger and the cutting occurred adjacent to, say, the forward edge of the hole, the legs would be formed upon the cutting. But you would have a waste of metal and the matter of the elimination of metal.

Aside from that, I am inclined to think that Poux had something over the prior art. At least Poux pretty much stands alone at making an attempt to combine what was previously performing

with the fastening operation. Again, I don't think that Poux would be limited to a square or a solid piece of metal. In other words, it would seem to me if Poux were valid, that a person who would put a strip of metal through the machine would be infringing. The size and shape of metal is a variable that could be changed, depending upon the end result that you wanted. [1124]

By the same token, if Poux taught the use of a square or round strip through the machine, I don't think it is any invention for someone to come along and say, "We are going to put a thin rectangular strip through, a flat strip."

That seems to me clearly to be mechanical skill.

At any rate, I have expressed myself as to Poux.

I am concerned with the difference between a method and machine.

Now, turning to Silberman '793. I mentioned the other day that I had some doubt whether or not the Silberman process was ever exemplified to this court. The machine, Exhibit 5, which has been referred to as the Silberman machine, has features that are not found in the patent. It has, one, spring bars on the top, which have to deal with the operation of the ram up and down;

Two, it has a lip on the closing jaw, which was demonstrated to the court as having a very important function, and is not shown in the Silberman patent;

Three, it has an ejector die to prevent the zippers from bunching up. I may be wrong, but I don't

think that that ejector die 5-A is shown in the Silberman patent.

It apparently doesn't have a V-shaped ram, and I am not sure whether Silberman teaches a V-shaped ram, or not. Let me ask. Does Silberman, according to plaintiff's counsel, show a V-shaped ram?

Mr. Leonard Lyon: Yes, your Honor.

The Court: Well, a V-shaped ram doesn't exist in plaintiff's Exhibit 5. We have heard the difficulties of a V-shaped ram. That a V-shaped ram led to heating and definitely limited the production of a machine.

There is on Exhibit 5 a device for spacing the distance between strings of fasteners. Now, that would not necessarily have to be part of the Silberman machine shown in the patent, but it is certainly something that is not shown in the Silberman patent.

Finally, Exhibit 5 has the vacuum chip cleaner necessary for its operation, and the testimony indicates that in the absence of that vacuum operation, cleaning out bits and pieces of metal, that there would be problems in connection with the operation of the machine.

Therefore, I am inclined to conclude that Exhibit 5 is not the Silberman machine shown in the patent.

The only proof we have about a true Silberman machine is Mr. Burkitt's testimony that he saw the Silberman machine, built pursuant to the patent, operate.

I don't question his statement, because I have already found certain facts that are in line with

testimony that he has given, particularly matters concerning Havekost. But I don't think his testimony goes so far as to indicate that he ever saw that machine in continued commercial operation.

He may have seen some test runs on it, and he may have seen it intermittently, but I think the record is devoid of proof that that Silberman machine, built pursuant to the patent, without these other devices which I have referred to, was successfully operated.

Now, the claim is made that this Silberman machine was the first—I am talking now about the machine built strictly to the patent—was the first high speed machine, and it could well have been a high speed machine for short test runs, but with the V-shaped ram and the amount of surface that would have been involved, friction generated, I doubt if it could have been a high speed machine for continuous operation. Certainly the practice carried on by the plaintiff shows that the machines that they did build, used in Ohio, sent to Georgia—maybe I have the states wrong—were the machines like Exhibit 5, in which the V-shape had been eliminated and changes made.

Some of this may have been out of order.

I have commented that Lipson was a witness who could be believed. He is a skilled tool maker, and he has made improvements on the accused machines, and assisted the California Slide Fastener Company.

It is very interesting that some of the improvements that he claims he made, and he contends he

made them without any help from the outside, just working as a mechanic, are some of the [1127] same things that we find on Exhibit 5, but we don't find in the Silberman patent. The lip on the closing jaw, the ejector die, the vacuum cleaner, the spacing device, and so forth.

Lipson claims to hold a license under the Loew patent.

I think the record shows the swearing back of Silberman beyond Loew, so that probably Loew doesn't have much significance in this picture.

But, at any rate, as I read the Loew patent, the only thing new in the Loew patent was the elimination of—I don't mean "new," but the only difference in Loew from Exhibit 5 and from the Silberman patent, and so forth, was the elimination of the means for threading the metal strip through intermittently. And in Loew a device of knurled wheels was eliminated or was, maybe, not in existence at the time, I don't know, and a means providing a sliding section, which was part of the lower die block, and a reciprocating finger, which engaged embryo cavities was used to move the slide fastener forward.

Loew showed, however, something that we don't find in Exhibit 5 or in the Silberman patent. It showed a type of cutting tool which resulted in pointed apexes on the strip, with the result that there came out of the machine a square-shouldered zipper, instead of the round-shouldered zipper that comes out of Exhibit 5, and would come out of, strictly speaking, a machine built to the Silberman

patent. Or the zipper, such as shown by Exhibit AY, which apparently came out of the California Slide [1128] machines which, as I recall, were referred to as Silberman machines.

The exhibit showing the square-shouldered zipper was Exhibit AX.

So that we have a situation where the accused machines operated by the defendant Union Slide Fastener are producing a different result than the machines under the Silberman patent '793, and under the machine Exhibit 5, the improvement on the alleged Silberman device.

Now, that may be a small matter, but if you get a different result, an entirely different result, from the operation of a series of combinations, it is hard for me to see how you have infringed a combination patent, if there is a valid patent.

The difference between aggregation and combination is that combination is patentable, aggregation is not. Combination is patentable, because you get a new result from old elements.

Here I would be inclined to find that the accused machines result in a different result, a square-shouldered zipper. And I am convinced that although there is not a lot of difference between the slide fastener working on a round shoulder and a square shoulder, I think there is some appreciable difference. I examined them closely, and it seems to me that there would be a possibility of getting more slip on the round-shouldered zipper than you would on a zipper with square shoulders. Certainly the square-shouldered zipper or fastener gives the

[1129] appearance of being more secure as it slides over the zippers. So, query, in view of this result whether defendant's machines infringe Silberman's '793.

One final observation, and that is how much invention is shown in Silberman's '793, in view of Poux '017? Even if Poux is a method patent, and if that is some kind of a different patent than a machine patent, it shows a machine—and my mind is pretty open on this question, I could go either way on this—and I seriously wonder how much invention is shown in Silberman after Poux had done what he did for the art.

Now, I don't think the matter of where the dies are spaced, or which die comes first, any of those things, have very much to do with it. Those are only matters of mechanical skill. The elements in Silberman certainly were all old. The plaintiff's expert conceded that every single element in Silberman was found at least singly in some of the prior art. So at best there is some sort of a combination.

Of course, if a new result came from Silberman, namely, the making of a zipper from stock material without pre-forming, and if Poux does not disclose sufficiently that process, maybe Silberman is good. And from what I have said here, Silberman might conceivably be good and still there might not be infringement by defendant's machines, if defendant's machines attain a different result and made a different product than the Silberman machine.

Finally, there is a prayer for attorneys' fees on

the part of the defendant. If I eventually make findings of misuse of patents, of unclean hands, I might be inclined to grant defendant reasonable attorneys' fees. However, I would conduct some further hearing at that time to find out what would be a reasonable attorneys' fees, rather than to probably decide it upon the record that we have made here.

I don't know whether my observations are going to be helpful to you in your briefs, but at least it will give you something to shoot at, and I think some of the issues of this case, some of the brush should be cleared away. I think if you sit down and analyze some of these things, certain of the brush here has been cleared away so that you can get down to what is really involved in this case.

Is there any comment by either side?

Mr. Mockabee: None, your Honor.

Mr. Leonard Lyon: I appreciate your Honor's remarks, because they will be very helpful.

Have you any thoughts as to how immediate the timing of the briefing should be, or any limit that you want to put on the length of the documents? You have posed a considerable number of questions here.

The Court: Well, any time you let counsel brief a patent case you get awfully cold on the record by the time their briefs come in, so I don't know that time will be too important. [1131] Long briefs are hard to read, of course, and the shorter the brief, if it covers the subject, the better brief it is. I think that counsel might well confer, particu-

larly after you have this written up, and see what you want to do about some of these things. For instance, I think that defendant is clearly out on its counterclaim, and I think if a little research is made on some of the cases, you will be convinced of that.

I think that certain of these other issues that I decided could be eliminated. The Havekost matter. You might be able to narrow your briefs down some if some stipulations or concessions are made between you. If you can't, then have at it, take the issues out of this conglomeration of remarks that I have made, and arrange them in logical fashion, and proceed.

I will require the plaintiff to file the opening brief, and also give you the right to close. That means that I think you have a little heavier burden on you on some of these issues than has the defendant. And that will also have the advantage of having your briefs click one point against the other. Where, if I have joint briefs, attorneys are like the farmer who says, "Gee, haw. The whole field has to be plowed anyhow." And you can't fit one section of a brief up against another.

How much time would you want, Mr. Lyon?

Mr. Leonard Lyon: I would like 30 days if we could have it. [1132]

Mr. Mockabee: Could I have an even amount of time to prepare a response?

The Court: All right. 30, 30 and 15.

Mr. Leonard Lyon: Thank you, your Honor.

Mr. Mockabee: Thank you.

The Court: Exhibit AP may be withdrawn and returned to the possession of the defendant, to be produced again in this court, or any other court where it may be needed.

Mr. Mockabee: Yes. Thank you, your Honor.

I talked to Mr. Lyon about that. It will be returned under the same circumstances as the major machines.

Mr. Leonard Lyon: That is satisfactory.

The Court: There is one thing that we didn't do, and it ought to appear somewhere in the record before this case is decided. I know you will want to be cautious in what you have to say, accurate. That is, Mr. Silberman was not called as a witness, nor was his deposition presented by either side. Do you think it would suffice if we merely said that both parties are aware of this, and the fact that he was not called shall not be considered as prejudicial to either side?

Mr. Leonard Lyon: I can assure your Honor that I am told by the plaintiff that he has not been interviewed in connection with this case on behalf of the plaintiff. There was no such thing as interviewing him and deciding that his testimony was [1133] unfavorable. We felt that the court would gain more from Mr. Burkitt's testimony, under the circumstances, than it would from Mr. Silberman.

I am willing to make the stipulation that the court has suggested, if it is satisfactory to counsel. I do think, though—I am aware of the fact that the patent is presumed to be valid, and if Mr. Sil-

berman had any adverse testimony the burden would be on the defendant to produce it.

I might also say, your Honor, that the defendant actually noticed the deposition of Mr. Silberman, notice was served on us in our office on February 5th. His testimony was to be taken in New York on February 25th. Counsel met there, I was not there, and it appeared that no attempt had been made to serve Mr. Silberman until two days before, and the defendant reported it was unable to find him.

Mr. Mockabee: The only knowledge that I have, your Honor, is that we were not able——

Mr. Leonard Lyon: This all appears in the deposition of Mr. Wray, I think.

Mr. Mockabee: ——we were not able to find him for the purpose of the deposition, which was to be taken on the 25th, the same day we took the Wray deposition.

I am willing to make the stipulation.

Of course, I think what should be considered is what is already in the record, and the Conmar decision which was identified by Mr. Burkitt. [1134]

The Court: Well, that is not exactly evidence, what a judge said in another patent case. That is not evidence here.

Are you willing to concede the fact that Silberman was not called is a matter that shall not be used against either party?

Mr. Leonard Lyon: Yes, your Honor.

Mr. Mockabee: I believe so, your Honor.

With regard to the decision that Mr. Burkitt

identified, I think it helps us substantiate our contention that Silberman in '793 merely borrowed from what was already known and produced previously by others.

The Court: All right. Thank you very much.

If I got a little impatient because the trial lasted nine full trial days, very often starting at 9:30 and going to 4:30, you will bear with me.

Mr. Leonard Lyon: We appreciate very much the court's patience during the trial. You didn't evidence any lack of patience that I didn't feel the court was warranted in evidencing.

Mr. Mockabee: I wish to express my appreciation for some of the possible confusion I may have caused, because of the fact that at times I couldn't quite keep up with it in the preparation.

Mr. Leonard Lyon: I think the court has been very helpful in the case, and it has been a pleasure to be here for these nine days. [1135]

The Court: Well, Mr. Lyon, you always ably represent your clients. We didn't hear much from Mr. McCoy, but I know that he would have been just as diligent. Mr. Mockabee had problems. Coming into a case late is not an easy situation.

One other comment. I read this *Strauss vs. Victor Talking Machine Company* decision, 297 Federal Reporter, and I am inclined to think that that is good law. However, it would only be a further buttress to my views on the counterclaim. [1136]

Thursday, August 2, 1956, 9:00 A.M.

The Court: Call the case.

The Clerk: 10450-C Civil, Talon, Inc. vs. Union Slide Fastener. Further trial.

Mr. Leonard Lyon: Ready for plaintiff, your Honor.

Mr. Mockabee: Ready for defendant, your Honor.

The Court: When I set this case at this early hour I anticipated I was going to be trying a tort claims case, give the first week of my vacation to a tort claims case. But then they settled the case, and I didn't advise you gentlemen you wouldn't need to come so early in the morning, but I suppose there is no harm done.

Mr. Leonard Lyon: May I ask your Honor if this is a hearing just to take the testimony of Mr. Graham who is here by circumstance?

I understood this was set for his convenience. Or is this to be a complete hearing on this matter of fixing the attorneys' fees?

The Court: We can discuss that.

Mr. Charles Lyon: I have four exhibits here, if the Court wants them.

The Court: Number one, I don't know how long the complete proceedings here will take. I will be guided by your convenience. What are your views in the matter? How long [1138] will these proceedings take?

Mr. Leonard Lyon: I am not prepared to say what evidence the other side has in mind producing, but I don't think it should take very long. I understood this hearing was called to meet Mr.

Graham's convenience, and I thought maybe your Honor had in mind that you were only going to take Mr. Graham's testimony this morning.

The Court: That wasn't my intention. My intention was today or tomorrow to take all the testimony that pertained to this issue.

Mr. Mockabee: Yes, your memorandum indicated that you wanted further testimony with regard to attorneys' fees, and I arranged to have it at this time because Mr. Graham was on the West Coast at this time.

The Court: First, the case is reopened for the receipt in evidence of certain exhibits.

Mr. Leonard Lyon: We have received no motion, your Honor, to that effect.

The Court: No motion for what?

Mr. Leonard Lyon: I thought your Honor indicated that counsel should file a motion.

The Court: I didn't so intend.

Mr. Mockabee: Your memorandum didn't state that.

The Court: No motion is necessary.

I think I am entitled to have in the record [1139] matters which might be pertinent to the issues of this case.

Are you addressing yourself now to the matter of receiving these other exhibits?

Mr. Leonard Lyon: I was addressing myself to the reopening of the case for further proofs.

The Court: Do you want to be heard on that?

Mr. Leonard Lyon: I am just raising the point that the defendant has not moved for such relief.

The Court: I indicated in my memorandum that I was going to reopen the case. I don't know that there is any doubt but what the Court has power to reopen the case on its own motion.

Mr. Leonard Lyon: I understand the Court functions as an umpire in a case of this kind; not as a prosecutor.

The Court: It is true the Court functions as an umpire, but the Court doesn't act in a vacuum, and if the Court feels that certain evidence should properly be in the record, I think the Court has the power to have it in the record.

If you want to be heard on the question of whether the case should be reopened, you may be heard on that issue.

Mr. Leonard Lyon: I think the record is clear, your Honor.

The Court: You don't care to present anything further on that question? [1140]

Mr. Leonard Lyon: I have stated my position.

The Court: All right. The case is reopened for the purposes indicated in the Court's memorandum.

Mr. Mockabee: Your Honor, in accordance with the statement on page 20 of your memorandum regarding patents which were referred to in the file wrapper of Silberman '793 not in evidence, I wish to present soft copies of Legat '726, Ulrich '075 and '884, and Prentice '712, as Defendant's Exhibits BT——

The Court: Just a minute. Mr. Clerk, is BT the next number?

The Clerk: It is, your Honor.

The Court: All right. Legat '726 will be Exhibit BT. Are you offering it in evidence?

Mr. Mockabee: Yes, sir.

Mr. Leonard Lyon: If your Honor please, this is a matter that I had in mind when I stated I understood your Honor to indicate that the defendant should file a further pleading. At the bottom of page 19 of your memorandum in this case you state:

"However, an amendment should be permitted to defendant to plead such of the above matters as the Court indicates as valid defenses, as defenses in the answer. The case is reopened for that purpose. Amended pleadings to be filed within 20 days."

There have been no amended pleadings tendered.

The Court: Those are pleadings to conform to proof. They don't involve the issue of these patents.

I take it that the amended pleadings are going to be filed.

Mr. Mockabee: They will be within the time specified, your Honor.

The Court: These patents that are being offered now go to the question of prior art.

The reopening for the purpose of the amended pleading is in the nature of a motion to conform to proof, and out of an abundance of caution to have in the Answer certain defenses which were in issue in the trial of this case.

The record will show there was discussion, for instance, as to whether the defense of unclean hands had to be pleaded in an Answer, and I think you, Mr. Lyon—I may not be able to turn to the

place in the record—either stated or joined in a statement that it wasn't necessary to have it pleaded.

Mr. Leonard Lyon: I don't believe it is.

The Court: Out of an abundance of caution, I would like to have it pleaded, and I have requested as one of the things that I have in mind, that the pleadings be amended to conform to proof and to include any defense set up as defenses in the Answer. [1142]

Mr. Leonard Lyon: The reason I say I don't think it is, is because the Circuit Court of Appeals sustained an objection of misuse of patents in a case I had which went to the Supreme Court, after the judgment in favor of the patent had been affirmed by the Circuit Court of Appeals, and on rehearing, and there never was any pleading in the case raising the point, and that point was raised before them.

The Court: It may be proper, but it doesn't seem to me that that is the proper posture to leave a case in.

Mr. Leonard Lyon: I am not questioning the propriety of the matter; I was just indicating, your Honor, that you said there should be a further pleading here, and if we are going into those matters I think it would look strange in the record if you had directed a pleading and then there was no pleading on the matter.

The Court: Yes, I think it would. But I understand the pleading will be filed.

Mr. Mockabee: Your Honor, I think it might

clarify it for Mr. Lyon, that the remark on page 19 regarding reopening for the purpose of receiving the pleading states that it is within 20 days. Then at the bottom of page 20 is the reference to reopening of the case for the taking of additional evidence with regard to attorneys' fees.

The Court: The matter has to be read together. There were three items. One was at the bottom of 19, the amended [1143] pleadings; at the top of page 20 was the reopening for the purpose of receiving the four patents; and at the bottom of page 20 was the reopening for the purpose of taking evidence on attorneys' fees.

In one sense it is one reopening. In another sense it is a reopening to take further evidence on the two issues, namely, these patents and attorneys' fees, and it is a reopening for the purpose of permitting the amendment to conform to proof.

Mr. Leonard Lyon: As to the first item, reopening and receiving in evidence the patents that are referred to here, the three patents, I don't understand why we have any further proceedings on that, because I thought your Honor's order and opinion were self-executory.

The Court: They might be, but I think, again, it would be better practice to give them exhibit numbers.

Mr. Leonard Lyon: All right.

The Court: Legat will be marked BT for identification.

(The exhibit referred to was marked as Defendant's Exhibit BT for identification.)

The Court: Is it offered in evidence?

Mr. Mockabee: Yes, sir.

The Court: BT received in evidence.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit BT.)

The Court: Ulrich '075 will be BU.

(The exhibit referred to was marked as Defendant's Exhibit BU for identification.)

The Court: Is BU offered in evidence?

Mr. Mockabee: Yes, your Honor.

The Court: Received.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit BU.)

The Court: Ulrich '884 is BV. Is that offered?

Mr. Mockabee: Yes.

The Court: Received in evidence.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit BV.)

The Court: Prentice '712 will be BW.

(The exhibit referred to was marked as Defendant's Exhibit BW for identification.)

Mr. Mockabee: That is offered in evidence.

The Court: BW is received in evidence.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit BW.)

The Court: Does either side have any further exhibits?

Mr. Mockabee: Your Honor, right at this point I would like, if there is no objection on the part of the plaintiff, to introduce one other patent which I think will be proper in the record in this case.

It is one that was in the [1145] possession of defendant's president and misplaced, and he has just discovered it. It is a patent on method of cutting staples. I only have one copy of the patent, so I can't furnish a copy to plaintiff at this time.

The Court: What is the name of the patent?

Mr. Mockabee: Thayer No. 322997, July 28, 1885. It is for a method of cutting staples.

Mr. Leonard Lyon: If your Honor please, can I be heard with regard to all of these patents that are being received in evidence on the reopening.

As to the three patents that the Court has assigned exhibit numbers to, I would like it understood that those are received in evidence subject to the objections that were made to their consideration in our briefs in this case, without the necessity of repeating the objections here.

The Court: What were those objections?

Mr. Leonard Lyon: Those objections were that they were not pleaded within the rule, and no excuse or showing made as to why they should be received in evidence contrary to the statute providing that the opposing party should have 30 days' notice of patents to be used at a trial.

The Court: I recall no objection of that kind made in the briefs. The objection in the briefs was that they weren't part of the record.

Mr. Leonard Lyon: That is right. [1146]

The Court: Part of the record made at the trial. And when I asked whether these were offered in evidence, I heard no objection from you.

Mr. Leonard Lyon: I was waiting until your

Honor finished, and then counsel started talking. I didn't was to interrupt the Court.

The Court: Ordinarily the proper place to make an objection to an exhibit is when it is offered in evidence. I asked is BT offered in evidence.

But if you have an objection, Mr. Lyon, you may state it.

This is an objection to BT, BU, BV, and BW; is that right?

Mr. Leonard Lyon: Yes, sir.

The Court: What is your objection?

Mr. Leonard Lyon: Under the statute we are entitled to 30 days' notice prior to the trial of the intention of the defendant to rely on these patents at the trial. If the defendant is to be relieved of that requirement of notice, he must give a satisfactory reason why he did not plead the items, such as newly discovered evidence, or some excuse.

There has been no excuse tendered in this case at all as to why the defendant should be relieved of the requirements of pleading imposed by the statute, and on that ground we object to their consideration. [1147]

The Court: What is your answer to that objection, Mr. Graham and Mr. Mockabee?

Mr. Mockabee: Your Honor, with regard to notice, they were all set forth in defendant's answers to interrogatories quite a while before trial in the list of prior art.

Mr. Charles Lyon: So there may be no confusion on that, when you say "they" you were talking about Legat, Ulrich, and Prentice, but you are

not talking about Thayer, which you are proceeding to offer now; is that correct?

Mr. Mockabee: I am talking about the four which have been received in evidence.

Mr. Leonard Lyon: I am informed that these three patents——

The Court: There are four so far.

Mr. Leonard Lyon: I am trying to distinguish between the Thayer patent and the other three.

The Court: There are four other patents, Mr. Lyon. Let's get that straight. There is Legat '726, there is Ulrich '075, and there is Ulrich '884, and there is Prentice '712.

Mr. Leonard Lyon: I see. Four patents.

I understand that those four patents were cited by the Patent Office in the file wrapper of the Silberman patent; and having been advised of that, why, I no longer press my objection. [1148]

The Court: All right.

We have disposed of BU, BT, BV, and BW.

Mr. Leonard Lyon: As to Thayer, I do urge my objection, unless counsel can qualify under the statute that I referred to.

The Court: What is your answer to that, Mr. Mockabee?

Mr. Mockabee: There was no notice of this Thayer patent, your Honor. It is one that apparently was collected early in an investigation of the prior art, and defendant's president, Mr. Lipson, mentioned it to me, but didn't know the identity of it, and he couldn't find it.

He thought Mr. Graham had it, and he thought

Mr. Kleinman might have had it, and just about three days ago in cleaning out some shelves in his front office he ran across the Thayer patent.

The Court: Does this rule require that notice be given prior to the commencement of the trial, or prior to the time it is to be received in evidence?

Mr. Leonard Lyon: I think the statute refers to prior to the receipt in evidence.

Mr. Charles Lyon: No, it is prior to trial.

Mr. Leonard Lyon: But I think it has been construed that it is complied with if you have the equivalent notice before the patent is received in evidence.

The Court: If the defendants feel this is important, we will adjourn the trial for 30 days and give Mr. Leonard Lyon a chance to look this patent over.

Mr. Leonard Lyon: I don't know what the patent is about. I have never seen it.

The Court: I don't either. You have objected to it. I take it that if you objected, you felt there was some merit to your objection.

Mr. Leonard Lyon: I am objecting to it out of an abundance of caution. I don't know what it is and why it is being offered.

The Court: Let me see it.

Mr. Mockabee: I am sorry I don't have another copy of it. I just received it last night.

The Court: What does this add to the prior art?

Mr. Mockabee: It is in some way similar to the early Smith patent on the box fastener, the exhibit number I do not recall now. The Smith goes a lit-

tle further than the Thayer patent, in that it teaches the attachment of the fastener at the time it is severed from the strip, but the Thayer shows an element which is more of the shape of an ordinary zipper element than does the patent to Smith, and it shows the formation of the element while integral with the fed strip and its detachment at the time of final completion.

Mr. Leonard Lyon: I am only pressing the objection because I assume that the defendant will urge that this [1150] patent has relevancy to the case.

Personally, I don't see where it is anything but cumulative to other items that are in the record.

Mr. Mockabee: It shows one of the major features of the alleged Poux method to be much older than any evidence had previously shown, and it shows it, I think, in the formation of a general U or V shaped element from a continuous strip of stock and maintaining it integral, as I have just stated, in a manner which is in many respects as good as that of any of the prior art.

I made a comparison between that and Smith. Smith has certain advantages over Thayer, Thayer has the advantage that it is forming an element much more similar to that of the present day zipper element.

The Court: There is no argument about forming elements. That is such an elemental thing that it doesn't seem to me there is any materiality there. I think the objection is supertechnical. It could be obviated by continuing the trial for a 30 day pe-

riod, but I am going to assign the number BX to the patent and sustain the objection.

Thayer will be BX, and the objection is sustained.

(The exhibit referred to was marked as Defendant's Exhibit BX for identification.)

The Court: Does either side have any further prior art patents that they want to put in this record? [1151]

Mr. Leonard Lyon: Plaintiff has none, your Honor.

Mr. Mockabee: No, your Honor.

The Court: All right.

Are we ready to proceed on the matter of attorneys' fees?

Mr. Mockabee: Yes, sir.

The Court's memorandum apparently cites the ruling law on the question of attorneys' fees in this Circuit. The Park-In-Theatres case, the Day Brite case, the Shingle Product Patents case.

The Court: That is not necessarily all the law in this Circuit on it. They just happen to be cases that I was in and am familiar with.

Mr. Mockabee: I meant to say that it reflects the ruling law.

The Court: I was reversed in two of them, by the way.

Mr. Mockabee: But the principle of the award is stated.

The Court: I don't know.

Were you in one of those cases, Mr. Lyon?

Mr. Leonard Lyon: I was not in it personally at

that stage, but our firm was in the Park-In-Theatres case.

The Court: I gave you attorney's fees, didn't I?

Mr. Leonard Lyon: I don't remember. You granted a summary judgment, I think.

The Court: You were the prevailing party, weren't you? [1152]

Mr. Leonard Lyon: No. We were for the patent in that case. Judge Harrison owned one of the theatres out here and he was much concerned about that patent, I remember.

The Court: It shows what an honorable man he is. He never intimated by even a grunt that he had an interest in one of those theatres. I never knew that.

Mr. Leonard Lyon: There is no question about that.

Mr. Mockabee: I might add another Ninth Circuit case in 1954. Filtex Corporation versus Atiyeh. That is in 103 U. S. Patents Quarterly 197.

The same principle laid down in those cases, which provides for the award of attorneys' fees, is also followed in other jurisdictions, as in Pennsylvania Crusher Co. vs. Bethlehem Steel Co., Third Circuit, 193 Fed. 2d 445, and Laufenberg vs. Goldblatt Brothers, Seventh Circuit, 187 Fed. 2d 823, 825.

The Court: There is no use citing these authorities—you referred to this Filtex case, you say that is a Ninth Circuit case?

Mr. Mockabee: Yes.

The Court: Citing these Patent Quarterly cita-

tions to District Judges is very little help, counsel. We don't have that set anywhere in this building that I know of, and if there are citations in the Official reports, they are more useful. [1153]

Mr. Mockabee: I will correct that citation, your Honor, but for your information in the future, there is a set of Patent Quarterlies in the Law Library.

The Court: I have learned something then.

On this matter of attorneys' fees, I take it that the objection you make to the introduction of these additional patents does not pertain to this reopening for consideration of the question of attorneys' fees?

Mr. Leonard Lyon: That is correct, your Honor.

The Court: But if I recall, at the trial you suggested or agreed that if there were going to be attorneys' fees awarded, that the Court take additional evidence.

Mr. Leonard Lyon: I think, if your Honor remembers, Mr. Lipson produced a schedule and some bills, and he was cross examined, and as a result of his testimony it was indicated that if a reasonable attorneys' fee was awarded in this case, there would be a further hearing on what that attorneys' fee was.

The Court: That is my recollection.

Mr. Leonard Lyon: I would like to make this statement: While we are not conceding the Court is correct in awarding an attorney's fee, that for the purpose of this hearing we assume that that has been done, and we will proceed, and I am per-

fectly willing to cooperate in determining what a reasonable attorneys' fee is. [1154]

I am embarrassed to even be put in the position of questioning another attorney who tries to set his fee, but I have got to satisfy my client that we are proceeding in accordance with the law, and I am quite sure we will.

I am sure the Court has fixed attorneys' fees in a good many cases, and it doesn't seem to me that it should take us a great deal of time, or that we should be very technical about it.

The Court: I just wanted to make the record clear as to your position in this matter, and I think you have accurately stated it.

It is my recollection that we all understood that if attorneys' fees were awarded there would be this further hearing.

Mr. Leonard Lyon: That is correct.

Mr. Mockabee: I would like to make just a few remarks here, your Honor.

Plaintiff originally brought suit on six patents. It is true that four of those patents were withdrawn, but it was a considerable time after the filing of the complaint, and in preparing a defense Mr. Graham, of course, found it necessary to prepare his defense with regard to all six patents.

The Court: It might also be added that there were more claims in these patents than they actually went to trial [1155] on.

Mr. Mockabee: Yes. Four of these six patents were withdrawn from issue at about the time of the pretrial hearing.

I would like to make that point because plaintiff's counsel has objected to the award of any attorneys' fees to Mr. Graham, on the ground that Mr. Graham allegedly was primarily involved in the preparation of the counterclaim angle of the case.

The fact remains, and I think the Court observed during the trial, that the evidence with regard to defendant's counterclaim was also a matter of defense in the patent suit.

Mr. Graham was in the case from its inception. He is not—as he said, “I am not a registered patent attorney, I don't get patents for people.”

Mr. Charles Lyon: Mr. Mockabee, may I recall that this case was on file for two years before Mr. Lipson hired a patent attorney. At least he so informed me, and Mr. Kleinman so informed me. So I don't think it is correct for you to be making the statement that Mr. Graham was in the case from the beginning.

Mr. Mockabee: Apparently he was in the case as an attorney for the first time before anybody else was, but I will let Mr. Graham give his remarks.

The Court: This is just sort of an opening statement? [1156]

Mr. Mockabee: Yes, sir.

Plaintiff's local counsel just about two or three days ago——

The Court: Let me interrupt you again. You said “allowance of fees to Mr. Graham.” There is no allowance of fees to any particular attorney.

When fees are allowed in this case they are allowed to the party.

Mr. Mockabee: I meant with regard to the services of Mr. Graham.

Mr. Leonard Lyon: I think that would be a disappointment to the attorneys, but I think that is what the law requires, your Honor.

The Court: Now, of course, you gentlemen, either side, can go into this question of whether Mr. Graham is a patent lawyer, but I warn you that the Court—in the Court's wide experience as a lawyer before I went on the bench I participated in one case, and I did not claim to be a patent lawyer; however, I tried a patent case before Judge Knox here in the District Court, doing the trial work with Mr. Gensler of Portland, who I think is now deceased.

Mr. Leonard Lyon: Geisler, G-e-i-s-l-e-r.

The Court: (Continuing) As my co-counsel. I tried the case before Judge Knox and won it here in the District Court.

So the Court might have various reactions, if [1157] there was a contention that a trial lawyer could not go into the District Court and win a patent matter.

I am not indicating what my reaction might be, but I think you ought to know what my experience was in this matter.

Mr. Mockabee: Mr. Graham can point out that he has been involved in considerably more than one patent case in his legal career.

Mr. Leonard Lyon: I would suggest, your

Honor, if counsel will entertain a suggestion from me, that we make speed in this matter by the defendant producing the charge slips or records of its attorneys that have devoted time to this case, and such evidence as it wants as to what would be a reasonable rate for those services, and that we dispose of it on that basis.

I think that is the usual way in which these things are decided.

The Court: Why do we need an opening statement here?

Mr. Mockabee: We intend to do that, but I think I could have gotten through with this thing if I hadn't been interrupted.

The Court: I interrupted you more than Mr. Lyon did, but go ahead.

Mr. Mockabee: I wasn't directing it towards the Court, your Honor. [1158]

I wanted to point out some remarks made by plaintiff's counsel in its opening statement at the beginning of the trial.

Not only were four of the six patents in suit withdrawn, but in its opening statement plaintiff's counsel stated that the Poux patent '017 in suit was in suit merely for the purpose of illustrating a method which allegedly was carried out by the machine patent to Silberman '793.

It seems to me that that patent could have been introduced, explained thoroughly by the plaintiff's expert, without requiring defendant to prepare a complete defense to a lawsuit, and that is what the defense of that patent meant.

The Court: Now, wait. I am like the fellow who said, "I can understand all but the therefore."

Plaintiff's counsel in their opening statement stated—do you have the words there?

Mr. Mockabee: Yes.

"Plaintiff is primarily"—

The Court: What is the page?

Mr. Mockabee: Page 2 of the transcript.

The Court: Hand me the first volume.

There doesn't seem to be a page 2. Page 1 is the name of the case, page 2 is the index but not numbered, page 3 is the record.

Mr. Mockabee: Then page 4, your Honor. [1159]

The Court: I suppose this is what you have been referring to. Page 5, line 4. Mr. Leonard Lyon after pointing out which of the claims, by the pretrial stipulation, were in suit, said:

"I might say, your Honor, that the plaintiff is primarily interested in this case in securing an adjudication in its favor on the second patent, the '793 patent.

"The earlier patent has expired?"—

That was the Poux patent.

"The earlier patent has expired and the real reason for keeping it in the case is because it furnishes a proper evaluation or its adjudication will furnish a proper evaluation and background for the second patent. In other words it has to be considered in connection with the second patent even though we should be willing to dismiss the first patent, and therefore we are asking that it be considered in the light of being adjudicated."

Is that what you are referring to?

Mr. Mockabee: Yes.

In other words, they could have used the Poux patent as a means of illustration, as they might use a chart or anything else, without requiring us to prepare a defense to the 14 claims of the Poux patent.

There were 20 claims in suit between the two patents, [1160] and 14 of them were in this illustrative patent to Poux.

The Court: All right. I have your point.

Mr. Mockabee: Then I also think the remark about the plaintiff being primarily interested in securing an adjudication of the Silberman patent has some bearing, an indication that plaintiff was not trying to protect any invasion of rights that might have harmed its business, but merely trying to set up the Silberman patent as a valid patent, a patent which they had just purchased, and as defendant maintains was one of their acts attempting to maintain domination of the industry.

Had there been an adjudication in favor of the plaintiff on the questions of infringement and validity, the defendant would have been out of business. Its financial position was such that he couldn't have dumped the alleged infringing machines on the market, or destroyed them and purchased non-infringing equipment, because of the position he was in. And feeling that New York City was the center of the zipper industry, he made inquiries there concerning patent counsel, and as a result of those inquiries Mr. Graham was retained.

I say that to give some reason for retaining New York counsel when the case was tried in Southern California.

Mr. Graham actively supervised and personally [1161] engaged in the investigation of the prior art, the questions of infringement and other matters necessarily involved in the defense of a patent suit.

During part of the time that Mr. Graham was of counsel in the case, Mr. Solomon Kleinman of this city was local counsel. He was not a patent lawyer, but merely served as the usual local representative of an out-of-town lawyer.

Mr. Robert Fulwider was also in the case for a matter of, I think, nearly two years. During that time there were some interrogatories propounded by defendant, which were prepared by Mr. Graham and forwarded to Mr. Fulwider, and I believe there was a deposition or two taken. But all this time the suit was controlled by Mr. Graham. The antitrust counterclaim, as I pointed out a moment ago, was not upheld by this Court, but the matters required to prepare that were equally important in the defense of the patent suit.

I was called into the case on or about January 26, 1955, or just about a month before trial. The proceedings had been going on more or less continuously since 1949. There was a considerable volume of prior art in this case, many papers and other matters to review, and a review of the prior art itself was a job, and during that month before trial it required an average of ten to eleven hours work per day, and included, I think, all but one

week end during that month, and then the trial consumed nine days. There were two [1162] week ends during the trial time in which I spent my entire time. There were two days during trial that I was in my office at 4:30 in the morning working on this case, and every evening after trial, and usually from about 8 o'clock until about 11:30 or 12 o'clock at night, and an hour to an hour and a half every morning, other than the two early mornings.

Subsequent to the trial we had two depositions which were taken and were introduced in the case, and it was necessary then to confer with Mr. Graham, and at considerable length with the president of defendant in the preparation of the briefs which were prepared partly by Mr. Graham, and partly by myself, and partly by Mr. Lipson.

I point those out, (1) to show that Mr. Graham took a very, very substantial part in the preparation of this case, and that the calendar time that I spent on it was rather short, but if it were stretched out into ordinary working days, it would have been probably several times the actual calendar time.

I have given the clerk several affidavits. First, the affidavit of Warren H. F. Schmieding, who has practiced patent law in Columbus, Ohio, for a number of years.

The Court: I read that.

Is there going to be objection to the use of the affidavit?

Mr. Leonard Lyon: I am not going to consent to the [1163] trial on affidavits, your Honor.

As far as Mr. Schmieding is concerned——

The Court: That is why I inquired.

Mr. Leonard Lyon: —I understand that he has, unfortunately, failed to satisfy the State Bar of California that he be admitted to practice in this state, and I don't think he is a competent witness.

Mr. Mockabee: Your Honor, I don't think that has anything to do with Mr. Schmieding's affidavit. Mr. Schmieding is a member of the Federal Courts in the State of Ohio, and he has a practice that he still maintains there.

The Court: Let's take one thing at a time.

How can you use affidavits, unless you have some understanding or stipulation to the use of affidavits?

Mr. Mockabee: I didn't consider this matter of affidavits such as you would use in support of a motion for preliminary injunction or for summary judgment, or anything like that. They are presented merely for the information of the Court to give an idea as to prevailing rates of charge by other attorneys.

If counsel wants to question the veracity, I suppose he can.

The Court: Are you ready to start with your proof now?

Mr. Mockabee: Yes, sir.

The Court: Do you offer the affidavit of Warren H. F. [1164] Schmieding?

Mr. Mockabee: Yes, sir.

Mr. Leonard Lyon: I object, your Honor, on the grounds it is incompetent.

The Court: Sustained.

Do you offer the affidavit of Edwin T. Bean?

Mr. Mockabee: Yes, sir, it is offered.

Mr. Leonard Lyon: Objection.

The Court: Objection sustained.

Do you offer the affidavit of Robert W. Fulwider?

Mr. Mockabee: Yes, sir, I do.

Mr. Leonard Lyon: The same objection.

The Court: Sustained.

Now, it is true that in injunction matters you can try matters by affidavit; but even then it is a touch and go proposition.

In the Smith, Kline and French case the Circuit sustained me on the matter, but they really labored it before they got through saying that I could grant that injunction on affidavits, and there had been no serious objection to the use of affidavits at the trial.

Mr. Leonard Lyon: That is right.

The Court: I don't think you can proceed in that manner on this issue, Mr. Mockabee.

Mr. Mockabee: I might interject I just received notice [1165] of a grant of a preliminary injunction on a design patent issued in April of this year, where there was not even an affidavit of the patentee.

The Court: Injunction matters are different from an issue of fact in the trial of an action. There may be a special rule that applies to injunction matters.

I just told you that the Circuit has sustained the use of affidavits in an injunction matter of that

sort, where we tried the preliminary and the final injunction at the one time.

Mr. Mockabee: I might ask counsel if he would be willing to stipulate that the three affiants would so have testified if placed upon the stand?

Mr. Leonard Lyon: I feel that I cannot do so, because the statements would have prompted cross examination on my part and they are not available for cross examination.

I am not questioning the veracity of the men.

The Court: Mr. Fulwider is here in town.

Mr. Mockabee: Yes, sir.

The Court: Who are these other men?

Mr. Mockabee: Mr. Bean is in Buffalo, New York, and Mr. Schmieding at the present time I think is in San Diego.

I could probably produce Mr. Fulwider.

The Court: What would happen if you called Mr. Lyon as an expert on patent fees? [1166]

I know of no patent lawyer in this community that is more respected and more eminent and more able. What about calling him as an expert?

Mr. Leonard Lyon: If your Honor please, I would like to respond to that in this way: I have already stated to the Court that I am embarrassed to have to be put in the position of questioning an attorney when he says his fee should be so much.

What I did when I received your Honor's notice of this hearing is I called Mr. Mockabee in and explained that to him, and said, "If you will suggest an attorney's fee which is within reason, I will recommend to my client that we accept it for the pur-

pose of this award." And he came back with some figure for Mr. Graham and some for himself, and I told him that I thought, particularly the ones for Mr. Graham, indicated that Mr. Graham was trying to make a windfall out of something that he wasn't entitled to, but if at any time they would suggest a reasonable figure, within reason, I did not want to be put in the position of contesting the matter.

I will be perfectly willing to state at any time what I think Mr. Mockabee's services would be worth if he will show me how much time he spent on the case.

The Court: Of course, you haven't answered my inquiry, Mr. Lyon, as to your availability to assist the Court as an expert on attorneys' fees. [1167]

Mr. Leonard Lyon: I am perfectly willing at the end of the evidence, if the Court wants to ask me what I think the fee should be, I am perfectly willing to so state.

The Court: I understood you to suggest earlier that it was your idea that we should approach this matter on the basis of time spent. Of course, you weren't listing all the factors. The time spent, eminence of counsel, difficulty of the case. We are all familiar with the elements that go into fixing a fee.

Mr. Leonard Lyon: That is right.

The Court: Were you suggesting we approach it on the basis of time spent and a reasonable amount on a per hour basis?

Mr. Leonard Lyon: I think a reasonable amount per hour basis means what is a proper rate for compensation of the man that did the job.

The cases hold that in the awarding of reasonable attorneys' fees the court can't do a mathematical precise job. There has to be some latitude in the matter.

Our Court of Appeals has indicated what the elements are to be taken into consideration, but my experience has been that as a practical matter if the attorneys will bring in their time slips and the court will look into the question of who they are, and what their experience and standing is, and so forth, the court has no difficulty in [1168] deciding what a proper rate for their time is. And if we can do that, I am perfectly satisfied with the amount of the award.

The Court: Are you going to proceed on the basis of telling me the amount of time that you and Mr. Graham and Mr. Fulwider put on this case?

Mr. Mockabee: As far as Mr. Graham and I are concerned, we are prepared, and I have Mr. Beehler here as an expert to testify as to what he thinks should be a proper rate of charge in a case of this type, and the amount of work involved, and so forth and so on.

The Court: Are you going to present evidence as to the amount of time Mr. Fulwider worked on the case?

Mr. Charles Lyon: If the Court please, at a previous hearing in this case we had in evidence Mr. Fulwider's bill for all of his services, and it was \$1,300.

Mr. Mockabee: That is correct.

Mr. Leonard Lyon: I don't believe there is any

use wasting time. That item was paid, and I have no basis for saying it wasn't reasonable.

Mr. Mockabee: And there was an item to Mr. Kleinman.

Mr. Leonard Lyon: The same thing for Mr. Kleinman.

The Court: Then let's see what we have got.

You say there was evidence put on previously that Mr. Fulwider had billed the defendant for \$1,300? [1169]

Mr. Leonard Lyon: And that amount has been paid by the defendant, I believe he testified.

The Court: Was that \$1,300 even?

Mr. Mockabee: \$1,374.35 is the figure that Mr. Lipson has furnished me.

Mr. Leonard Lyon: Perhaps the Court hasn't in mind this exhibit. You might like to read this exhibit before you go too far. (Handing document to the Court.)

The Court: So we get the record straight, without having to look up the record, can it be stipulated that Mr. Fulwider's bill for services rendered was \$1,374.35?

Mr. Leonard Lyon: Yes, your Honor.

We will further stipulate that that bill was reasonable for the services that he rendered.

The Court: What do we have in the record as to what services he rendered, so we can judge what part of the case he worked on?

Mr. Leonard Lyon: He was in the case——

Mr. Mockabee: Approximately two years.

Mr. Leonard Lyon: He was in the case up to shortly before Mr. Mockabee came in the case.

Mr. Mockabee: Immediately before.

Mr. Leonard Lyon: He handled the case here in Los Angeles after Mr. Kleinman got out, or with Mr. Kleinman, up until the time Mr. Mockabee came in the case. [1170]

The Court: Can it be stipulated that he was the Los Angeles counsel following Kleinman—

Mr. Charles Lyon: During the same time as Mr. Kleinman. He was patent counsel associated in Los Angeles. I was the active member in the case at that time, and I recall at the deposition of Mr. Lipson he attended that deposition, at the depositions of Mr. Detweiler, Mr.—the gentlemen whose depositions were taken concerning that meeting at the Talon offices when they discussed price fixing, all of those depositions.

Mr. Graham: Loew, Detweiler, Jager, Napp and Eisenberg.

Mr. Charles Lyon: He attended all of those depositions.

Mr. Graham: I would just like to correct a statement by Mr. Lyon, that Mr. Fulwider took those depositions.

As a matter of fact, I took all of the depositions. Mr. Fulwider made available his office to me for the purpose of taking the depositions, and on one or two occasions he would drop into the room while the depositions were being taken, but each deposition was taken by me.

Mr. Charles Lyon: You attended the depositions, but Mr. Fulwider did also.

The Court: Wait just a minute now. We want to shorten this record. Let's see what we can stipulate to.

First, Mr. Fulwider was in the case for [1171] approximately two years up to the time Mr. Mockabee took over; is that correct?

Mr. Leonard Lyon: Yes, we stipulate to that.

Mr. Mockabee: Yes, sir.

The Court: As I recall, Mr. Mockabee, you took over just shortly before the trial started.

Mr. Mockabee: On or about the 26th of January, 1955, and the trial was on March 1st.

The Court: Is that stipulated to?

Mr. Leonard Lyon: That is, your Honor.

The Court: Now, Mr. Fulwider was present at some of these depositions, but is it stipulated that Mr. Graham took the depositions, as he stated here?

Mr. Leonard Lyon: Certainly it is, your Honor.

The Court: And Mr. Fulwider was at least present at some of them?

Mr. Leonard Lyon: I don't want to be in the position of having to withdraw my stipulation that Mr. Fulwider's bill was reasonable, in view of Mr. Graham's statement that they just used his office, but that is not my understanding. My understanding is that Mr. Fulwider was in charge of the case here in Los Angeles as patent counsel with Mr. Kleinman up until Mr. Mockabee came into the case.

Mr. Charles Lyon: If your Honor will remem-

ber, there were numerous court appearances. This case was stayed at one [1172] time——

The Court: I remember. The thing that I want to get in the record is the person that actually asked the questions on these depositions was Mr. Graham:

Mr. Charles Lyon: I asked the questions on the deposition of Mr. Lipson.

The Court: I mean the questions on the other side of the case.

Mr. Charles Lyon: Yes.

The Court: Was Mr. Graham?

Mr. Charles Lyon: That's right.

The Court: But Mr. Fulwider was the Los Angeles attorney, and I suppose we could say in charge of the case here in this court?

Mr. Charles Lyon: That is correct.

Mr. Mockabee: That is true, Mr. Kleinman took no part in the case at all after Mr. Fulwider came in.

The Court: What can we agree to as to Mr. Kleinman?

Mr. Mockabee: I think the record shows——

The Court: It shows eight hundred——

Mr. Charles Lyon: \$890.

Mr. Mockabee: Stipulate to that.

Mr. Leonard Lyon: Page 1061 of the record, the transcript, reads:

“Mr. Lipson, did you hire Solomon Kleinman as an [1173] attorney?

“The Witness: Yes.

“The Court: Or did the corporation hire him?

“The Witness: Yes.

“The Court: Did you hire him before or after the present action was commenced?

“The Witness: After.

“The Court: The suit was filed on what date?

“Mr. Charles Lyon: October 17, 1949, your Honor.

“The Court: The action was filed October, 1949; how soon after that did you hire Mr. Kleinman?

“The Witness: A few days later.

“The Court: You have listed here under Exhibit BN—I think that is the exhibit you have before you—\$890. Have you paid that amount of money or agreed to pay him that amount of money?

“The Witness: I paid him that amount of money.

“The Court: That has actually been paid?

“The Witness: Yes.”

We are willing to stipulate that that amount of money was paid to Mr. Kleinman, and we do not question that that represents the reasonable value of his services.

Mr. Mockabee: Yes, your Honor.

The Court: Is that satisfactory?

Mr. Mockabee: Yes, your Honor. [1174]

The Court: Let's hear some evidence, then, as to the time Mr. Graham and Mr. Mockabee put on the case.

Mr. Mockabee: I will put it in in the order in which it occurred. I think Mr. Graham is ready to say something about his services.

Mr. Graham: Do you wish me to take the stand, your Honor, or speak from here?

The Court: I think you should take the stand.

Mr. Leonard Lyon: I am willing to waive that. I am willing to take Mr. Graham's statement on his oath as an attorney in the case. I don't want to be captious in the case, but I think I owe him that courtesy.

The Court: That is satisfactory, but you will be subject to cross-examination.

Mr. Graham: I understand.

Mr. Charles Lyon: May I make a suggestion?

In the case of Atiyeh vs. Filtex I had rendered weekly or monthly bills to my client; I showed them to Mr. Beehler, and that was accepted as the fee. If you have any such thing as that, why don't you show it to us and maybe we will take one look at it and say that is it.

Mr. Graham: There is in evidence at the trial bills that were rendered to Mr. Lipson.

Mr. Charles Lyon: We have them here.

Mr. Graham: I think they total something like nine [1175] thousand some odd dollars.

Mr. Leonard Lyon: We don't have any time slips on which those bills are based.

Mr. Graham: That is correct, you don't.

Mr. Leonard Lyon: And Mr. Lipson's cross-examination did not indicate that those bills were current bills, but they had all been rendered for the purpose of this case. They were bills gotten up just before the court hearing.

The Court: Exhibit BN showed a total of \$9,-617.34, but Exhibit BO in particular, said services rendered to you since February, '50 up to, but not

including the trial, \$7,500. Exhibit BP was services attending trial and conferring with Lipson and Mockabee \$500, plus some other items. Are those the two bills rendered that had a total of \$9,000?

Mr. Graham: They were the two bills rendered but I think there were some disbursements included in the bills which brought it up to that \$9,600 figure.

Mr. Leonard Lyon: The point that I wanted to make was that those were not current bills rendered at the time the services were rendered, but they were bills prepared for submission to this Court.

The Court: I understand.

Mr. Leonard Lyon: By Mr. Lipson.

The Court: I understand.

Mr. Graham: May I make a statement regarding those [1176] bills?

No monthly bills were rendered to Mr. Lipson while I was in the case for the good reason that most of the time he wasn't able to pay the bills, so I didn't bother rendering him monthly bills.

From time to time when he could do so he would send me some money.

All of the charges that were made to him when that figure of \$7,500 was arrived at, were made on a reduced basis as per an agreement I had, an oral agreement I had with Mr. Lipson that I wouldn't charge him my usual rates, because I knew his financial position was bad.

The Court: Let's keep our record straight as we go along now.

It has been understood that Mr. Graham may, in substance, testify without being sworn?

Mr. Leonard Lyon: With the same effect as if being sworn, and subject to cross-examination.

The Court: All right. Is it so stipulated?

Mr. Mockabee: So stipulated.

The Court: That applies to what he said up to now, as well as what will hereafter follow?

Mr. Leonard Lyon: Yes.

The Court: All right. [1177]

WILLIAM J. GRAHAM

being called as a witness, testified as follows:

The Witness: To begin with, I think you would like to have a little of my background and experience. I graduated from Fordham University Law School in 1932 and received an LL.B. degree. I was admitted to the bar in the State of New York in 1933. That admits me to practice in all of the courts of the State of New York. I have also been admitted to the United States District Court for the Southern District of New York, and for the Eastern District of New York, and the United States Circuit Court of Appeals for the Second Circuit.

I have also been specially admitted to the District Courts in Newark, New Jersey, the Western District of Virginia at Roanoke, Virginia. I am a member of the Association of the Bar of the City of New York, the New York County Lawyers Association, and the American Bar Association.

While I was studying law, and from 1927 to

(Testimony of William J. Graham.)

1934 I was employed by the firm of former Circuit Court Judge Mayer. The firm name when I first went with that office was Mayer, Warfield and Watson. The years while I was there the name changed several times. When I left there the firm name was Warfield, Frazer and Brown.

That firm specialized in patent matters.

While I was with the firm I was a law clerk, and [1178] later after I had been admitted to the bar I became a lawyer. Most of my work was research work on patent matters, patent litigation, patent opinions, and on one occasion I worked on a very important license agreement when vitamin D was first injected into foods.

The Court: You are talking now about this period '37——

The Witness: 1927 to 1934.

The Court: Part of which was prior to the time you were admitted to the bar and a year or so afterwards?

The Witness: About two years, yes, your Honor.

While with that firm I was also trial assistant on a number of occasions and spent a good bit of my time in the Federal Courts.

From 1934 to 1944 I was with the firm of Murray and Parker, which later became Parker and Graham. That was the firm I was with when I first entered this case. Mr. Parker had been an Examiner in the United States Patent Office for seven years before he went into private practice. He then became counsel for the American Flange and

(Testimony of William J. Graham.)

Manufacturing Company, which firm is still his client, but he went into private practice in about 1944, when I joined the firm.

Mr. Murray had been a patent lawyer with the firm of Penny, David, Marvin and Edwards. While with that firm my chief activity was taking care of all of the firm's litigation. [1179]

The Court: Did this include patent litigation?

The Witness: It included patent litigation, your Honor.

The Court: Did I understand you to say that you didn't claim to be a patent lawyer.

The Witness: I don't claim to be a patent lawyer, your Honor, in the sense that I wouldn't attempt to prosecute a patent application, and in that sense only.

The Court: But you have tried extensively litigation of patents?

The Witness: I have tried patent cases, your Honor.

I probably shouldn't use the word "extensively." I have been trial assistant in a great number of cases that I did not have charge of myself. But I have had patent cases, and as a matter of interest I have another patent case in this very court right now, which is going to be settled, so it won't be tried.

The Court: By "in this court," do you mean my court?

The Witness: I don't mean before your Honor,

(Testimony of William J. Graham.)

but in this United States District Court for the Southern District of California.

The Court: For what it is worth, I will express myself as follows: As far as a man having to process patents to be qualified to try a patent case, I have serious doubts. Many of these men who process patents couldn't possibly try a patent case. [1180]

Mr. Leonard Lyon: And vice versa.

The Court: And I feel that the competency to be recognized is the ability to try a patent case, and not one to prosecute a patent.

Mr. Leonard Lyon: One of the greatest patent lawyers in my time when I was first coming into the business was William K. White of San Francisco, and I worked with him a great deal when I was first breaking in, and I found out that he had never written a patent claim in his life, and I asked him why he hadn't, and he said he didn't think he could.

The Court: It takes a different type of skill, and it probably takes a different type of mind to effectively do the two jobs.

It may be that some men could do both.

I am not impressed with the fact that you never processed a patent.

Go ahead.

The Witness: In 1954 I left the firm of Parker and Graham——

The Court: You said '54?

The Witness: Yes, '54.

(Testimony of William J. Graham.)

The Court: You told me, or at least my notes show that you were with Murray and Parker from '34 to '44.

The Witness: I am sorry, your Honor. That was '44 to '54. [1181]

The Court: Where were you between '34 and '44.

The Witness: From 1934 to 1944 I was with the firm of Smith and Bowman.

The Court: You skipped that.

The Witness: I am sorry. I think I did, your Honor.

The Court: All right. Tell me about Smith and Bowman.

The Witness: Smith and Bowman was a firm in general practice. Part of their practice involved patent license agreements and some patent litigation. They had with them a patent lawyer by the name of Robert Irving Williams, who is now with the firm of Williams, Rich and Moss in New York City. I believe Mr. Rich has just been made a judge of the Court of Customs and Patent Appeals.

The Court: This was general practice with some attention to licensing agreements?

The Witness: There was a good bit of patent license work.

The Court: Then from '44 to '54 you were with Murray and Parker?

The Witness: That is right.

The Court: And Parker had been an Examiner?

(Testimony of William J. Graham.)

The Witness: In the United States Patent Office.

The Court: You mentioned he left the firm at a certain time?

The Witness: No, he didn't. He had been counsel, [1182] after he came out of the Patent Office he was counsel for American Flange and Manufacturing Company.

The Court: While a member of the firm?

The Witness: Before he became a member of the firm. And then he set up his own private practice.

The Court: In '44?

The Witness: Yes.

The Court: From '44 to '54 you were with Murray and Parker?

The Witness: That is correct.

The Court: In '54——

The Witness: In 1954 I came out on my own, left the firm and started practice as an individual practitioner. Since that time I have been trial counsel in matters of my own, and also on behalf of other attorneys. In matters of my own, involving patents; where I work for other attorneys, not involving patents, but just general commercial litigation.

The Court: How many patent cases have you participated in in the trial of the case.

The Witness: In the trial of the case? I will be guessing, your Honor, but I would say certainly from 15 to 20.

(Testimony of William J. Graham.)

The Court: All right.

The Witness: I don't know what other type of background information you may consider important. I could tell [1183] you who I represented if that would make any difference. I don't know whether the firms are known out here.

The Court: No, I won't need that. Tell me about your connection with this case now.

The Witness: The first entry that I had in my diary to indicate my connection with this case was on December 30, 1949 when I believe I had a letter from Mr. Kleinman, following a telephone call from Mr. Lipson in which he requested me to act on his behalf, and I asked him——

Mr. Leonard Lyon: If you are going to quote the substance of that letter, can we see it?

The Witness: I don't know whether I have the letter with me. I am not going to quote the substance of it. That is just how I got in the case, I received a letter from Mr. Kleinman following a telephone call from Mr. Lipson.

The Court: When do you consider that you were first employed in the case, what date?

The Witness: On or about December 30th.

I probably had a telephone call a day or two before that, before I received Mr. Kleinman's letter.

The work that I did in the case, I have made a summary here, and I will be glad to go into more detail if anybody wishes it.

The Court: Do you have it written out?

(Testimony of William J. Graham.)

The Witness: I have it written out in handwriting, [1184] your Honor, just my own handwriting, which is a digest of the service record that I have brought with me.

The Court: What is this service record?

The Witness: This service record is a list of entries made in my diary from time to time.

The Court: Was this diary a time record, or merely——

The Witness: It was a time record, substantially a time record.

Mr. Leonard Lyon: Have you the diary here?

The Witness: No, I don't. These items were transcribed from year to year, and I do have some of the later diaries. I don't have them here, but these are records that were made in my office, indicating——

Mr. Leonard Lyon: Can we see the time record or summary before it is offered?

The Witness: I have no objection at all.

The Court: I am going to take a short recess. Show counsel this document here.

As I understand this summary that you have typed up there, you represent to the Court it was made from old diaries from year to year, just pulling off your entries?

The Witness: Yes, in which I had made entries in pen and ink.

The Court: These entries were time records?

The Witness: That is correct. [1185]

The Court: They weren't merely a diary as you

(Testimony of William J. Graham.)

would keep on your desk showing people that you talked to?

The Witness: No.

The Court: But the nature of what work you did?

The Witness: That is correct.

The Court: Did you follow that practice with all your cases, of keeping some type of time record?

The Witness: I have done that.

At the end of every day I keep a time record of everything that I have done that day. I will put the name of the client and a brief digest of what I had done, then the time expended in doing it.

Mr. Charles Lyon: May I ask about this time record, what the figure in the righthand column is?

The Witness: Those are the hours.

The Court: You gentlemen look it over and talk it over. I will take a little recess.

(Recess taken.)

Mr. Leonard Lyon: If your Honor please, we are willing to accept the witness' statement that the tabulation of entries from his diary is a correct tabulation, and we are willing that it should be used in lieu of the diaries themselves, for the same purpose for which the diaries are used. I will have some cross-examination questions.

The Court: Can it be marked, then, as an exhibit and [1186] exhibited to the Court?

Mr. Leonard Lyon: It can, your Honor.

The Court: The next number would be BY.

(Testimony of William J. Graham.)

Received in evidence?

Mr. Graham: Yes, it is. I do offer it in evidence.

The Court: All right. Received.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit BY.)

The Court: What about this summary that you had made up in longhand?

Mr. Leonard Lyon: When I used the word "summary" perhaps I should say that we accept the tabulation as a correct transcript of the entries of the diaries.

The Court: All right.

Now, what about the summary that you had made up in longhand.

The Witness: This is just a digest of the work that I did do in the case.

It involved a study of the complaint, extensive correspondence with Mr. Kleinman and Mr. Lipson. This is more or less chronological, your Honor.

A considerable amount of preliminary research, advice to Mr. Kleinman with respect to motions that were made by him. A patent search, which was more than just the usual patent search. It was the usual patent search, plus. [1187]

I examined the files in a number of zipper infringement suits that had been brought in the City of New York and the Southern District of New York, and the Eastern District of New York, involving Talon, and also Conmar, and other zipper

(Testimony of William J. Graham.)

concerns, the names of which I don't remember now.

The research that I spoke of included research of law in connection with the defenses in patent cases, with particular emphasis on misuse, unclean hands, and the anti-trust defenses.

I also picked up whatever information I could about the zipper business from other attorneys who had been involved in cases, from literature that I could find, and that kind of thing.

I obtained file histories of Poux '017, and the Silberman patent in suit; gave careful study to them.

In addition, I conferred with my partner Mr. Parker about all of these matters from time to time. I then studied a mass of memoranda and correspondence received from Mr. Lipson relating to the various factual situations upon which the defenses of misuse, license, estoppel, and fraud in obtaining the patent were based.

I made some inquiries about Mr. Silberman, his background. I studied particularly the court file in the suit in which Mr. Silberman had been characterized as a [1188] commercial pirate. I had conferences from time to time with Mr. Ralph Meech, house counsel for Talon, in connection with various proposals to discontinue the suit or settle the suit.

I also prepared the amended answer to the complaint, which included the counterclaim.

I had considerable correspondence and telephone

(Testimony of William J. Graham.)

conversations with Mr. Fulwider, who was local counsel in the case.

Mr. Fulwider said at the outset that he didn't want to get into the case because of the defendant's financial condition.

When I say "into the case," he was willing to act as local counsel, but he didn't want to run up a lot of charges against the defendant, so he expected me to do most of the work and he would process it here.

I had a number of blow-ups made of prior art patent drawings, and actually did the marking myself of a lot of features in the prior art, which was similar to the Silberman invention.

On one occasion one day after the defendant's interrogatories had been propounded, I went to the Talon office in New York City and made a careful study of all of the agreements that they were required to produce in accordance with those interrogatories, and the following day dictated a memorandum of the points in the agreements that I thought [1189] were pertinent to the defense of this action.

Before the pretrial hearing was held in this case, Mr. Lipson informed me that he wanted me to come to attend the pretrial hearing and to prepare the pretrial memoranda. And I did considerable research and did prepare the pretrial memorandum that was filed with this Court.

Then I attended at the pretrial, and while I was here in Los Angeles I took the deposition of

(Testimony of William J. Graham.)

Messrs. Eisenberg, Jager, Detweiler, Napp and Loew.

I am trying to limit myself, your Honor, to the big things.

I prepared many affidavits in connection with the numerous motions that were made in this case.

I also took the deposition of Mr. Havakost in New York on two occasions. I took his deposition twice. The first time the stenographer's minutes were not produced and it was necessary to take the deposition over again.

Thereafter I had conferences in New York with Mr. Lipson, during which we prepared a lot of material for settlement proposals to be made to the plaintiff.

When Mr. Mockabee entered the case I assembled all of the material that I had collected from the beginning of the case and had extensive correspondence with Mr. Mockabee to familiarize him as much as possible with the case. Also telephone conversations. [1190]

When the trial approached, I assisted with the preparation for the trial, and also attended the trial for—I was here in Los Angeles for about five days, and I think actually here in court for only about two and a half days. During that period there were extensive conferences in the evening and the early morning hours with Mr. Mockabee and Mr. Lipson.

After the trial I also had a lot of correspondence with both Mr. Lipson and Mr. Mockabee. I pre-

(Testimony of William J. Graham.)

pared a large part of the brief that was submitted to the Court.

I also edited the analysis and charts prepared by Mr. Lipson, and also had correspondence and telephone conversations with Mr. Mockabee and Mr. Lipson in connection with the depositions that were taken after the trial.

After the plaintiff's reply brief had been filed, I believe I wrote your Honor a letter pointing out some errors in the briefs.

That summarizes the work that I did in this case.

You asked me before, your Honor, how many patent litigations I had taken part in. The figure I gave was correct. I would just like to say I have taken part in many other litigations which were not in the patent field.

The Court: What, in your opinion, is the reasonable fee per hour for work in this case, if we took the total hours of all work in this case, if we averaged it up and did [1191] not separate it. Could you give that kind of figure, or would you have to give a figure of office work and trial work?

The Witness: Mr. Lyon asked me what my standard rates were for office work and court work, and I told him the basic rate was \$25 per hour for office work and \$50 per hour for court work.

Mr. Leonard Lyon: That means time in court?

The Witness: Yes, time in court. And I also said to Mr. Lyon, and I will say to your Honor, that those are basic charges, and that I don't always limit myself to those charges, particularly

(Testimony of William J. Graham.)

in a case where litigation is successful for my client.

I would normally and normally do charge more than those basic rates, depending on the case and a lot of other circumstances.

The Court: You wouldn't make any distinction between the type of litigation; if you were in a contested piece of litigation involving a contract, or property, or tort, or antitrust law, your court work would be \$50 an hour, just the same as in a patent case?

The Witness: That is correct.

The Court: As a starting rate?

The Witness: As a basic rate, yes.

The Court: Have you made a segregation of the hours in Exhibit BY as to how many were court hours and how many [1192] were office hours?

The Witness: I have not, your Honor, but I don't think it would be a difficult matter.

The Court: Will you do that before the afternoon recess?

The Witness: I will be glad to.

The Court: I mean during the recess.

I am going to take an early recess, I have an appointment, so you will have plenty of time.

The Witness: All right.

The Court: What, in your opinion, is the reasonable value of all your services rendered for the defendant—strike that out.

Throughout this trial, as I said in my memorandum, we have talked about Lipson, services to Lip-

(Testimony of William J. Graham.)

son and things of that sort, when actually everybody meant the defendant Union Slide, and I think that went on again here this morning. It is understood that you are talking about your services to the defendant Union Slide?

The Witness: That is right. Defendant was represented by Mr. Lipson, and that is why I used Mr. Lipson's name.

The Court: And he is the mainspring in Union Slide.

Did you have some observations, Mr. Lyon?

Mr. Leonard Lyon: I have some questions to ask, but I don't want to interrupt. [1193]

The Court: I will be through in just a minute.

Mr. Leonard Lyon: All right.

The Court: Taking into account the nature of this case, its difficulty of problems presented, the character of the plaintiff, its standing economically in the community, the character of your client, the responsibility involved, the actual work done in the trial of the case, the questions presented, the result accomplished, what in your opinion is a reasonable fee for your services alone in this case?

Mr. Leonard Lyon: May I ask the Court to add another factor in that question?

The Court: What is that?

Mr. Leonard Lyon: Ask him, also, to take into account that after he had devoted all this time to the case, which he is evaluating, that he, in effect, ran out on the trial and required another man, Mr.

(Testimony of William J. Graham.)

Mockabee, to duplicate the work. I think that should be taken into consideration.

The Court: Take into account what actually transpired at the trial. You participated in a portion of the trial; that you were unable to continue throughout the trial; take into account the various counsel that were in the case, and Mr. Fulwider's services were terminated shortly before trial, that Mr. Mockabee, a younger lawyer, was put in the case to try the case; that you were not present at the major part of the trial; take into account all these facts which are in the [1194] record of this case, and you have been over the record, I take it, have you?

The Witness: Yes, I have.

The Court: All right. What, in your opinion, would be the reasonable value of your services?

The Witness: Before I answer that, your Honor, I would like to take exception to Mr. Lyon's remark that I ran out on the trial of the case.

What actually——

Mr. Leonard Lyon: I used that——

The Court: He meant nothing obnoxious about it. We understand the reasons. I think I do. That you have explained that you couldn't under the circumstances of the defendant. And I don't know whether you had other commitments, too.

The Witness: I did.

The Court: He didn't mean it obnoxiously, but you weren't here for part of the trial.

The Witness: That is correct.

(Testimony of William J. Graham.)

Mr. Leonard Lyon: He was only here two and a half days at the trial, your Honor.

The Witness: Actually, the arrangement to have Mr. Mockabee come into the case was adopted as an expedient, because of the limited means of the defendant.

Mr. Leonard Lyon: All that I want the witness to do [1195] is appreciate in his evaluating, in his own conscience, the value of his services to the defendant in this case—to take into account the fact that there was a duplication of work required between him and Mr. Mockabee, for the reason that he was unable to carry out the full case.

The Court: Take that factor into account.

What, in your opinion, is the reasonable value of your services?

The Witness: I would say, your Honor, from \$20,000 to \$25,000.

The Court: Now, you are also familiar with the work that Mr. Kleinman did?

The Witness: I am.

The Court: Since you were in the case from the inception.

The Witness: Yes.

The Court: And you are familiar with the bill that he rendered and that was apparently paid, and you are familiar with the work that Mr. Fulwider did, the bill for which was rendered and paid. And you are familiar with the work that Mr. Mockabee did?

The Witness: Yes.

(Testimony of William J. Graham.)

The Court: And you are familiar with the record in this case, and all the other factors that I have already enumerated that should be taken into account in evaluating a [1196] reasonable fee, including the factor which Mr. Lyon has called attention to, that there was obviously some duplication when Mr. Mockabee had to familiarize himself with the case. And you may in the same vein take into account the fact that you are not a member of the bar of this court and you would have had to have local counsel under our rules to, at least, be the nominal counsel in the case. Take into account that Mr. Fulwider's services were terminated and Mr. Mockabee, a new lawyer, came in. What in your opinion would be the reasonable value of all the legal services rendered in the case?

The Witness: I would say, your Honor, from \$40,000 to \$45,000.

If I may, I would like to make one statement.

When I was first brought into this case, it was for the express purpose of preventing Mr. Lipson, or preventing Union Slide Fastener from having to go out of business, because if the charges against them had been sustained they were in such a position that there wasn't anything they could do but fold up.

The Court: That comes under the element of responsibility and the result accomplished?

The Witness: That is correct.

The Court: That comes under that element.

Gentlemen, this is my vacation, as you know. I

(Testimony of William J. Graham.)

[1197] have some personal problems. If you don't mind, I would like to take a recess now until 2 o'clock.

Mr. Leonard Lyon: That is perfectly all right.

Mr. Mockabee: Yes, sir.

The Court: That will give you some time to confer further, and then I take it we can have cross-examination of Mr. Graham.

Mr. Leonard Lyon: I have some questions. I don't like to put it in the form of cross-examination.

The Court: It is courteous cross-examination of opposing counsel.

Mr. Leonard Lyon: I hope it will be so.

The Court: All right. 2 o'clock.

(Whereupon an adjournment was taken to reconvene at 2 o'clock of the same afternoon.)

Thursday, August 2, 1956, 2:00 P.M.

The Court: Had you finished your statement, Mr. Graham?

WILLIAM J. GRAHAM

resuming the witness stand, testified as follows:

The Witness: Your Honor, you asked me if I had made a breakdown of the hours spent in court and the hours spent in the office. I hadn't at the time you asked me, but I have during the recess.

The Court: All right.

The Witness: I have 67½ hours of court time.

Now, I included in court time, time actually in court or wholly away from my office for taking dep-

(Testimony of William J. Graham.)

ositions. The balance of the time is office time 357¾ hours.

The Court: Thank you.

Have you completed your statement?

The Witness: I have, your Honor.

The Court: All right. Mr. Lyon is going to question you. Do you want to sit up here, or would you be more comfortable standing.

The Witness: It doesn't matter.

The Court: Then come up here. You may be more comfortable. [1199]

Cross Examination

Q. (By Mr. Leonard Lyon): Mr. Graham, you have told us that in December, 1949 you made your agreement with Mr. Lipson upon what basis you would represent the defendant in this case. Was that agreement reduced to writing?

A. No, it was not.

Q. Was it made in New York with Mr. Lipson present?

A. I would say that it was made over a period of time, during the course of the first telephone conversation I had with him and then later when I saw him in New York.

Q. How much later?

A. I think the first time I actually met Mr. Lipson was in the latter part of 1950.

Q. Can you tell us in your own words as best you can the terms of that agreement?

A. Well, I have called it an agreement. Actu-

(Testimony of William J. Graham.)

ally, it was a discussion during which Mr. Lipson told me that he had limited financial resources and that he couldn't afford to pay large fees, and that he needed legal assistance. And I told him that I would render legal assistance to him at reduced rates. I wouldn't make my usual charges to him, but that if the case terminated successfully I would expect to be compensated fully for my efforts.

Q. Was any figure stated or agreed upon as to what [1200] those reduced rates were to be?

A. Well, we talked from time to time on occasion when I first met him, and when I saw him later, again, in New York, I told him that I had charged him at half of my usual rates up to that point.

Q. What do you mean you had charged him half of your regular rate up to that point?

A. Whenever I asked him for money, I would tell him that I would make a charge for certain work that I had done up to that date, and that the charge was made at a reduced rate.

Q. Did you make those charges in the form of written bills sent to the defendant?

A. On some occasions, yes.

Q. I show you Exhibits BP and BO in this case, Defendant's Exhibits, which are bills you rendered on February 28, 1955 and March 9, 1955; had you presented any bills covering the same services to Mr. Lipson, in writing, before those bills?

A. I had presented Mr. Lipson with a few bills

(Testimony of William J. Graham.)

for odd amounts like \$350, \$500. Those charges were included in this over-all charge of \$7,500.

Q. Were those bills for services or for disbursements?

A. Usually for services and disbursements.

Mr. Leonard Lyon: I would like, your Honor, to ask [1201] the defendant to make those bills available to me now for use on cross-examination of this witness.

The Court: Do you have them here?

The Witness: I don't have my copies, your Honor. I don't know whether Mr. Lipson has them.

Mr. Mockabee: Mr. Lipson doesn't have those bills in Court, your Honor.

Mr. Leonard Lyon: Do I understand that the bills are not available, your Honor?

The Court: That is what I understood. Mr. Graham says he does not have them, and Mr. Lipson says he does not have them.

Q. (By Mr. Leonard Lyon): Will you, as near as you can recollect, tell us the date of the bills that we are referring to?

A. Well, I can tell you that the first bill was rendered sometime in the early part of 1950.

Q. For how much?

A. My recollection is \$350.

Q. And it covered expenses or services?

A. Services.

Q. And the services between what dates?

A. From the time that Mr. Lipson first called

(Testimony of William J. Graham.)

me on the telephone, I think until April. I am just guessing, Mr. Lyon. I can't be exact about it.

Q. How many hours?

A. I can't recall that.

Q. And what rate per hour?

A. I can't recall that. I know that it was at a reduced rate.

Q. You say it was a reduced rate, but you can't remember what rate?

A. Without the bills, I can't remember.

Q. It covered your services through April, 1951?

A. My recollection is that it covered services up to April of 19——

Q. Through April or up to?

A. Up to April.

Q. And that, according to Exhibit BY, would cover how many hours, using this transcript from your diary?

A. It appears from Exhibit BY that the hours spent in 1949, 1950—my recollection is now that it was probably in April of 1951 that this bill was rendered. But without the bills I can't recall exactly.

Q. And you can't recall how many hours the bill covered? A. No, I can't.

Q. And you can't remember at what rate per hour the bill was based?

A. All that I do recall is that it was at a reduced [1203] rate.

Q. You don't remember what the rate was?

(Testimony of William J. Graham.)

A. About half.

Q. Do you remember what the second bill was that you rendered? A. No, I do not.

Q. You don't remember what date it was, or approximately the date?

A. I might be able to tell from the exhibit.

Q. I wish you would, if you can.

A. It was probably in the latter part of 1951 after interrogatories to the plaintiff had been prepared.

Q. Do you remember the amount of that bill?

A. No, I do not.

Q. Do you remember the number of hours it covered? A. No, I don't.

Q. Did you render any subsequent bill between that bill and the bill constituting Exhibit BO?

A. I believe that I did.

Q. Can you tell us when? A. No, I can't.

Q. Can you tell us the amount or the time on those bills? A. No, I can't.

Q. Other than this first understanding, this oral [1204] understanding that you say you had with Mr. Lipson about December, 1949 and immediately following, have you ever had any other understanding with Mr. Lipson or the defendant regarding the basis for your services in this case?

A. No, I don't think so.

Q. Have you any agreements with him at the present time that you will be paid any specific sum, other than just this first original agreement for your services in this case? A. No.

(Testimony of William J. Graham.)

Q. I have a few questions that I am requested to ask you, that I have already asked you in a meeting between us, but I would like to have for the purpose of the record.

Mr. Lipson testified that he was referred to you because he wanted somebody experienced in the zipper art. What experience had you had in the zipper art before December, 1949?

A. I had had very little experience in the zipper art before 1949.

Q. You testified that you made an investigation and that you located various prior art patents and matters that are referred to in the answer and the amended answer in this case, did you not?

A. Yes, I did.

Q. Had you any knowledge of those matters before you were employed by Mr. Lipson in this case? [1205] A. No, I did not.

Q. I believe you testified that you learned of those matters by investigating the files of cases that Talon had been a party to in the New York courts and maybe elsewhere?

A. Well, in the first place, I haven't testified to that yet, but I will testify now that that was one of the sources of my information, by studying the files in other cases that had been instituted in New York City by Talon, and also cases involving Conmar and other zipper patent infringement suits.

Q. For the purpose of the record will you confirm what you have told me, and that is that you

(Testimony of William J. Graham.)

have not been paid by anybody else for any of those services?

A. That is 100 per cent correct.

Q. How much money have you been paid on account of your services in this case by the defendant to date?

A. If I can see the exhibit that was introduced in evidence, being a statement by the accountant of Union Slide Fastener, there is a statement of the amount in there that has been paid to me.

(Document handed to the witness.)

The Witness: This is not the exhibit I am referring to. The accountant's statement.

The Court: This here?

The Witness: That's right. [1206]

The Court: Give the number of it?

The Witness: That is BN, Exhibit BN.

I thought the amount had been stated here, but the over-all bills are stated. On Exhibit BP I indicate the receipt of the sum of \$2,312.10. I should correct the exhibit number. That is BO and not BP.

In addition, I indicate the receipt of \$350 on Exhibit BP. So that the total amount that I believe that I have received is \$2,662.10, which includes disbursements of \$776.45.

I understand there was testimony in this case by Mr. Lipson that he had paid another \$700, which I had not given him credit for. And that may be.

Q. You are not sure?

A. I am not sure.

(Testimony of William J. Graham.)

Q. I believe you have testified that over the years '50 to '55 your regular per diem rate that you charged uniformly to your clients was \$25 per hour for office work and \$50 per hour for court work, is that correct? A. That is correct.

Q. Did you consider that and do you consider that a reasonable charge for the value of your services? A. I do.

Q. I believe you have also indicated that there was some expectation or hope on your part that you would be given [1207] some further compensation in case of a successful outcome of the case?

A. Well, that was based upon my regular practice, that if I do handle litigation and the result accomplished is beneficial to the client, I do expect to receive more than my hourly rate.

Q. Did you ever accomplish that enjoyment in a patent case in your experience?

A. Yes, I have.

Q. What case?

A. Well, if I can recall, the name of the party that I represented was the Stratford Pen Company, and I believe that the plaintiff was one of the large pen companies. I can't remember the name of it now.

Q. Were you for the defendant?

A. I was for the defendant.

Q. Had you expressed agreement to the effect that you would serve the defendant at a certain rate, and if successful be paid more money?

A. Well, it happened in that case I had no

(Testimony of William J. Graham.)

agreement, I had no special agreement at all. I used to render bills as I rendered services.

Q. At what rate were you charging the client there?

A. The same charge that I indicated is my basic charge. [1208]

Q. How much was your total bill to the client in that case based on your per diem rate?

A. I have forgotten that completely. I can't tell you.

Q. How much additional compensation was paid you because of the successful outcome of the case?

A. I don't remember the exact amount of that, either?

Q. Is that the only event of that kind that has happened to you in your experience in patent cases?

A. That is the only one I recall immediately. If I had a little more time I might think about some more.

Q. On the basis of your regular charge of \$25 per hour if applied to the transcript of your diary, Exhibit BY, how much would your fee be in this case?

The Court: That is a matter of computation. Subject to your check, I computed \$3,325 for court work.

Mr. Leonard Lyon: And on the basis of your time in court—

The Court: That was court work. I only took 357 hours. I didn't take into account the three-

(Testimony of William J. Graham.)

quarters. I computed \$8,925 for office work. A total of \$12,250.

Does that correspond with yours?

Mr. Charles Lyon: My computation was \$12,312.50. It is about the same thing.

The Court: I may be wrong, and you may be right. [1209]

Mr. Charles Lyon: I could be just as wrong as you might be.

The Court: Anyhow, we both agree it is something over \$12,000.

Mr. Charles Lyon: Yes.

Q. (By Mr. Leonard Lyon): Mr. Graham, have you any way, either with or without your diary, or the transcript from your diary, of estimating how much of your time devoted to this case was devoted to the counterclaim in this case?

A. I have no way of breaking that down, Mr. Lyon, no.

Q. Have you any way of distinguishing between the individual defenses in this case, what time you devoted to the individual defenses in this case?

A. No, I have no way of breaking that down.

Q. When you stated that you wanted to take into consideration, in fixing a reasonable fee in this case, the extraordinary outcome of the case, if you used that phrase——

A. I didn't use that.

The Court: I don't think he used that.

Mr. Leonard Lyon: Well, anyway, the outcome of the case.

(Testimony of William J. Graham.)

The Court: Favorable outcome, is that what you were talking about?

The Witness: Favorable.

The Court: Do you look upon the outcome as extraordinary, Mr. Lyon? [1210]

Mr. Leonard Lyon: I think so.

The Court: We are not in agreement on that. But I think the question that I asked was "favorable outcome."

Mr. Leonard Lyon: Maybe we are using the term "extraordinary" and "favorable" in different senses. The Court in one sense and I in another.

The Court: I am using the word "extraordinary" in the common, ordinary accepted sense, namely, something that would not be expected, that would be out of the reasonable anticipation of a reasonable man, and so forth. Do you use the word "extraordinary" in that sense?

Mr. Leonard Lyon: I was using it in the sense of accomplishing something in a lawsuit that wouldn't be expected to be accomplished ordinarily.

The Court: We are not far apart in our definitions.

(The last question was read by the reporter as follows: "Q. When you stated that you wanted to take into consideration, in fixing a reasonable fee in this case, the extraordinary outcome of the case, if you used that phrase——")

Q. (By Mr. Leonard Lyon): Did you also take into consideration——

